AMENDED IN SENATE APRIL 10, 2008

SENATE BILL No. 1771

Introduced by Senator ~~Padilla~~ *Romero*

February 22, 2008

~~An act to amend Section 50650.3 of the Health and Safety Code, relating to housing.~~ *An act to amend Section 33333.6 of, and to add Section 33333.12 to, the Health and Safety Code, relating to redevelopment.*

LEGISLATIVE COUNSEL'S DIGEST

SB 1771, as amended, ~~Padilla~~ *Romero*. ~~CalHome program: homeownership counseling.~~ *Redevelopment indebtedness.*

The Community Redevelopment Law limits the effectiveness of every redevelopment plan adopted on or before December 31, 1993, to 40 years from the adoption of the redevelopment plan or January 1, 2009, whichever is later, after which the agency has no authority to act pursuant to the redevelopment plan except to pay previously incurred indebtedness, to comply with provisions governing compliance with an agency's affordable housing obligations, and to enforce existing covenants, contracts, or other obligations. After 10 years from the termination of the effectiveness of the redevelopment plan pursuant to this provision, a redevelopment agency may not pay indebtedness or receive tax increment revenues, except as specified.

This bill would authorize the redevelopment agency in a specified city in Los Angeles County that adopted a redevelopment plan on or before December 31, 1993, to amend that plan to extend its effectiveness to pay indebtedness and receive tax increment revenues with respect to the plan for not more than 10 years if specified requirements are met.

~~The CalHome Program authorizes funds appropriated for purposes of the program to be used to enable low- and very low income households to become or remain homeowners. Existing law requires funds to be provided by the Department of Housing and Community Development to local public agencies or nonprofit corporations for grants for programs that assist individual households or as loans that assist development projects involving multiple homeownership units, including single-family subdivisions. Existing law permits grant funds to be used for certain purposes, including homebuyer counseling.~~

~~This bill would authorize grant funds to be used for homeownership counseling rather than for homebuyer counseling.~~

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

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

SECTION 1. Section 33333.6 of the Health and Safety Code is amended to read:

33333.6. The limitations of this section shall apply to every redevelopment plan adopted on or before December 31, 1993.

(a) The effectiveness of every redevelopment plan to which this section applies shall terminate at a date that shall not exceed 40 years from the adoption of the redevelopment plan or January 1, 2009, whichever is later. After the time limit on the effectiveness of the redevelopment plan, the agency shall have no authority to act pursuant to the redevelopment plan except to pay previously incurred indebtedness, to comply with Section 33333.8 and to enforce existing covenants, contracts, or other obligations.

(b) Except as provided in subdivisions (f) and (g), a redevelopment agency may not pay indebtedness or receive property taxes pursuant to Section 33670 after 10 years from the termination of the effectiveness of the redevelopment plan pursuant to subdivision (a).

(c) (1) If plans that had different dates of adoption were merged on or before December 31, 1993, the time limitations required by this section shall be counted individually for each merged plan from the date of the adoption of each plan. If an amendment to a redevelopment plan added territory to the project area on or before December 31, 1993, the time limitations required by this section shall commence, with respect to the redevelopment plan, from the

date of the adoption of the redevelopment plan, and, with respect to the added territory, from the date of the adoption of the amendment.

(2) If plans that had different dates of adoption are merged on or after January 1, 1994, the time limitations required by this section shall be counted individually for each merged plan from the date of the adoption of each plan.

(d) (1) Unless a redevelopment plan adopted prior to January 1, 1994, contains all of the limitations required by this section and each of these limitations does not exceed the applicable time limits established by this section, the legislative body, acting by ordinance on or before December 31, 1994, shall amend every redevelopment plan adopted prior to January 1, 1994, either to amend an existing time limit that exceeds the applicable time limit established by this section or to establish time limits that do not exceed the provisions of subdivision (b) or (c).

(2) The limitations established in the ordinance adopted pursuant to this section shall apply to the redevelopment plan as if the redevelopment plan had been amended to include those limitations. However, in adopting the ordinance required by this section, neither the legislative body nor the agency is required to comply with Article 12 (commencing with Section 33450) or any other provision of this part relating to the amendment of redevelopment plans.

(e) (1) If a redevelopment plan adopted prior to January 1, 1994, contains one or more limitations required by this section, and the limitation does not exceed the applicable time limit required by this section, this section shall not be construed to require an amendment of this limitation.

(2) (A) A redevelopment plan adopted prior to January 1, 1994, that has a limitation shorter than the terms provided in this section may be amended by a legislative body by adoption of an ordinance on or after January 1, 1999, but on or before December 31, 1999, to extend the limitation, provided that the plan as so amended does not exceed the terms provided in this section. In adopting an ordinance pursuant to this subparagraph, neither the legislative body nor the agency is required to comply with Section 33354.6, Article 12 (commencing with Section 33450), or any other provision of this part relating to the amendment of redevelopment plans.

(B) On or after January 1, 2002, a redevelopment plan may be amended by a legislative body by adoption of an ordinance to eliminate the time limit on the establishment of loans, advances, and indebtedness required by this section prior to January 1, 2002. In adopting an ordinance pursuant to this subparagraph, neither the legislative body nor the agency is required to comply with Section 33354.6, Article 12 (commencing with Section 33450), or any other provision of this part relating to the amendment of redevelopment plans, except that the agency shall make the payment to affected taxing entities required by Section 33607.7.

(C) When an agency is required to make a payment pursuant to Section 33681.9, the legislative body may amend the redevelopment plan to extend the time limits required pursuant to subdivisions (a) and (b) by one year by adoption of an ordinance. In adopting an ordinance pursuant to this subparagraph, neither the legislative body nor the agency is required to comply with Section 33354.6, Article 12 (commencing with Section 33450), or any other provision of this part relating to the amendment of redevelopment plans, including, but not limited to, the requirement to make the payment to affected taxing entities required by Section 33607.7.

(D) When an agency is required pursuant to Section 33681.12 to make a payment to the county auditor for deposit in the county's Educational Revenue Augmentation Fund created pursuant to Article 3 (commencing with Section 97) of Chapter 6 of Part 0.5 of Division 1 of the Revenue and Taxation Code, the legislative body may amend the redevelopment plan to extend the time limits required pursuant to subdivisions (a) and (b) by the following:

(i) One year for each year in which a payment is made, if the time limit for the effectiveness of the redevelopment plan established pursuant to subdivision (a) is 10 years or less from the last day of the fiscal year in which a payment is made.

(ii) One year for each year in which a payment is made, if both of the following apply:

(I) The time limit for the effectiveness of the redevelopment plan established pursuant to subdivision (a) is more than 10 years but less than 20 years from the last day of the fiscal year in which a payment is made.

(II) The legislative body determines in the ordinance adopting the amendment that, with respect to the project, the agency is in

compliance with Section 33334.2 or 33334.6, as applicable, has adopted an implementation plan in accordance with the requirements of Section 33490, is in compliance with subdivisions (a) and (b) of Section 33413, to the extent applicable, and is not subject to sanctions pursuant to subdivision (e) of Section 33334.12 for failure to expend, encumber, or disburse an excess surplus.

(iii) This subparagraph shall not apply to any redevelopment plan if the time limit for the effectiveness of the redevelopment plan established pursuant to subdivision (a) is more than 20 years after the last day of the fiscal year in which a payment is made.

(3) (A) The legislative body by ordinance may adopt the amendments provided for under this paragraph following a public hearing. Notice of the public hearing shall be mailed to the governing body of each affected taxing entity at least 30 days prior to the public hearing and published in a newspaper of general circulation in the community at least once, not less than 10 days prior to the date of the public hearing. The ordinance shall contain a finding of the legislative body that funds used to make a payment to the county's Educational Revenue Augmentation Fund pursuant to Section 33681.12 would otherwise have been used to pay the costs of projects and activities necessary to carry out the goals and objectives of the redevelopment plan. In adopting an ordinance pursuant to this paragraph, neither the legislative body nor the agency is required to comply with Section 33354.6, Article 12 (commencing with Section 33450), or any other provision of this part relating to the amendment of redevelopment plans.

(B) The time limit on the establishment of loans, advances, and indebtedness shall be deemed suspended and of no force or effect but only for the purpose of issuing bonds or other indebtedness the proceeds of which are used to make the payments required by Section 33681.12 if the following apply:

(i) The time limit on the establishment of loans, advances, and indebtedness required by this section prior to January 1, 2002, has expired and has not been eliminated pursuant to subparagraph (B).

(ii) The agency is required to make a payment pursuant to Section 33681.12.

(iii) The agency determines that in order to make the payment required by Section 33681.12, it is necessary to issue bonds or incur other indebtedness.

(iv) The proceeds of the bonds issued or indebtedness incurred are used solely for the purpose of making the payments required by Section 33681.12 and related costs.

The suspension of the time limit on the establishment of loans, advances, and indebtedness pursuant to this subparagraph shall not require the agency to make the payment to affected taxing entities required by Section 33607.7.

(4) (A) A time limit on the establishing of loans, advances, and indebtedness to be paid with the proceeds of property taxes received pursuant to Section 33670 to finance in whole or in part the redevelopment project shall not prevent an agency from incurring debt to be paid from the agency's Low and Moderate Income Housing Fund or establishing more debt in order to fulfill the agency's affordable housing obligations, as defined in paragraph (1) of subdivision (a) of Section 33333.8.

(B) A redevelopment plan may be amended by a legislative body to provide that there shall be no time limit on the establishment of loans, advances, and indebtedness paid from the agency's Low and Moderate Income Housing Fund or establishing more debt in order to fulfill the agency's affordable housing obligations, as defined in paragraph (1) of subdivision (a) of Section 33333.8. In adopting an ordinance pursuant to this subparagraph, neither the legislative body nor the agency is required to comply with Section 33345.6, Article 12 (commencing with Section 33450), or any other provision of this part relating to the amendment of redevelopment plans, and the agency shall not make the payment to affected taxing entities required by Section 33607.7.

(f) The limitations established in the ordinance adopted pursuant to this section shall not be applied to limit the allocation of taxes to an agency to the extent required to comply with Section 33333.8. In the event of a conflict between these limitations and the obligations under Section 33333.8, the limitations established in the ordinance shall be suspended pursuant to Section 33333.8.

~~(g) (1)This~~

(g) (1) This section does not effect the validity of any bond, indebtedness, or other obligation, including any mitigation agreement entered into pursuant to Section 33401, authorized by the legislative body, or the agency pursuant to this part, prior to January 1, 1994.

(2) This section does not affect the right of an agency to receive property taxes, pursuant to Section 33670, to pay the bond, indebtedness, or other obligation.

(3) This section does not affect the right of an agency to receive property taxes pursuant to Section 33670 to pay refunding bonds issued to refinance, refund, or restructure indebtedness authorized prior to January 1, 1994, if the last maturity date of these refunding bonds is not later than the last maturity date of the refunded indebtedness and the sum of the total net interest cost to maturity on the refunding bonds plus the principal amount of the refunding bonds is less than the sum of the total net interest cost to maturity on the refunded indebtedness plus the principal amount of the refunded indebtedness.

(h) A redevelopment agency shall not pay indebtedness or receive property taxes pursuant to Section 33670, with respect to a redevelopment plan adopted prior to January 1, 1994, after the date identified in subdivision (b) or the date identified in the redevelopment plan, whichever is earlier, except as provided in paragraph (2) of subdivision (e), in subdivision (g), or in Section 33333.8 *or 33333.12*.

(i) The Legislature finds and declares that the amendments made to this section by Chapter 942 of the Statutes of 1993 are intended to add limitations to the law on and after January 1, 1994, and are not intended to change or express legislative intent with respect to the law prior to that date. It is not the intent of the Legislature to affect the merits of any litigation regarding the ability of a redevelopment agency to sell bonds for a term that exceeds the limit of a redevelopment plan pursuant to law that existed prior to January 1, 1994.

(j) If a redevelopment plan is amended to add territory, the amendment shall contain the time limits required by Section 33333.2.

SEC. 2. Section 33333.12 is added to the Health and Safety Code, to read:

33333.12. (a) The Legislature finds and declares:

(1) The provision of housing available to persons and families of low and moderate income, including persons and families of extremely low income and very low income, is of vital statewide importance and of particular importance to the residents of the County of Los Angeles.

(2) The city and agency defined in paragraph (2) of subdivision (b) have played a key role in the provision of affordable housing in the County of Los Angeles by transferring moneys in the Low and Moderate Income Housing Fund to the Housing Authority of the County of Los Angeles pursuant to Section 65584.3 of the Government Code.

(3) The Legislature desires to assure a proper balance between the fundamental purposes of redevelopment, including the limitations ordinarily applicable to redevelopment plans as set forth in this part, and the need to facilitate the continued effectiveness of Section 65584.3 of the Government Code as a means of addressing the critical affordable housing shortage in the County of Los Angeles.

(b) For purposes of this section, the following terms have the following meanings, unless the context clearly requires otherwise:

(1) "Authority" means the Housing Authority of the County of Los Angeles.

(2) "City and its agency" means a city that is incorporated to promote commerce and industry, is located in the County of Los Angeles, and has no residentially zoned land within its boundaries on January 1, 1992, and the city's redevelopment agency.

(3) "Moneys deposited in the Low and Moderate Income Housing Fund," "moneys in the Low and Moderate Income Housing Fund," "amount deposited in the Low and Moderate Income Housing Fund," and similar phrases or references include funds transferred by the city and its agency to the authority pursuant to Section 65584.3 of the Government Code.

(4) "Spend money from its Low and Moderate Income Housing Fund," "moneys from the Low and Moderate Income Housing Fund," and similar phrases or references include funds transferred by the city and its agency to the authority pursuant to Section 65584.3 of the Government Code.

(c) Sections 33333.10 and 33333.11 shall not apply to the city and its agency unless the city and its agency elect to implement those sections in place of this section.

(d) (1) Notwithstanding any other provision in this part, the city and its agency may amend one, some, or all of their redevelopment plans adopted on or before December 31, 1993, to extend the time limit on effectiveness of those plans for up to 10

additional years beyond the limit applicable to those plans allowed by subdivision (a) of Section 33333.6.

(2) Notwithstanding any other provision in this part, the city and its agency also may include in the amendment pursuant to paragraph (1) an extension of the time limit on the payment of indebtedness and receipt of property taxes to be not more than 10 years from the termination of the effectiveness of the redevelopment plan as amended.

(e) After the limit on the payment of indebtedness and receipt of property taxes that would have taken effect but for the amendment pursuant to this section, except for funds deposited in the Low and Moderate Income Housing Fund pursuant to Section 33334.2 or 33334.6, the agency may continue to spend tax increment funds in accordance with this part. Except as otherwise limited by subdivisions (f) and (g), the agency may continue to spend funds deposited in the Low and Moderate Income Housing Fund in accordance with this division or pursuant to Section 65584.3 of the Government Code and may transfer those funds to the authority. The authority may continue to expend such funds in accordance with Section 65584.3 of the Government Code.

(f) (1) Except as otherwise provided in this subdivision, after the limit on the payment of indebtedness and receipt of property taxes that would have taken effect but for the amendment pursuant to this section, the agency shall spend only moneys from the Low and Moderate Income Housing Fund, or, if applicable, the authority shall spend only the transferred moneys for the purpose of increasing, improving, and preserving the community's supply of housing at affordable housing cost to persons and families of low, very low, or extremely low income, as defined in Sections 50079.5, 5093, 50105, and 50106. During the period prescribed in this paragraph, the agency or the authority, as applicable, also may use moneys from the Low and Moderate Income Housing Fund for the purpose of increasing, improving, and preserving housing at affordable housing cost to persons and families of moderate income as defined in Section 50093, provided this amount shall not exceed, in a five-year period, the amount of moneys from the Low and Moderate Income Housing Fund that are used to increase, improve, and preserve housing at affordable housing cost to persons and families of extremely low income, as defined in Section 50106. The amount expended for housing for persons

and families of moderate income shall not exceed 15 percent of the annual amount deposited in the Low and Moderate Income Housing Fund during a five-year period and the number of housing units affordable to moderate-income persons shall not exceed the number of housing units affordable to extremely low income persons.

(2) Commencing with the first fiscal year that commences after the date of the adoption of the amendment pursuant to this section, and until the limit on the payment of indebtedness and receipt of property taxes that would have taken effect but for the amendment pursuant to this section, the agency or the authority, as applicable, may use moneys from the Low and Moderate Income Housing Fund for the purpose of increasing, improving, and preserving housing at affordable housing cost to persons and families of moderate income as defined in Section 50093, provided this amount shall not exceed, in a five-year period, 15 percent of the amount of moneys deposited in the Low and Moderate Income Housing Fund during that five-year period, and shall be used to assist only housing projects in which no less than 49 percent of the units are affordable to and occupied by persons and families of low, very low, or extremely low income. The agency or authority, as applicable, may spend an additional amount of moneys in the same or other housing projects to assist housing units affordable to and occupied by moderate-income persons, provided this amount shall not exceed the lesser of the amount of moneys spent to increase, improve, and preserve housing at affordable housing costs to persons and families of extremely low income as defined in Section 50106, or 5 percent of the moneys deposited in the Low and Moderate Income Housing Fund during that five-year period.

(g) (1) Except as provided in paragraph (2) or (3), commencing with the first fiscal year that commences after the date of the adoption of the amendment pursuant to this section, not less than 30 percent of all taxes that are allocated to the agency pursuant to Section 33670 from the redevelopment project area as amended pursuant to this section shall be deposited into that project's Low and Moderate Income Housing Fund for the purposes specified in subdivision (f).

(2) In any fiscal year, the agency may deposit less than the amount required by paragraph (1), but not less than the amount required by Section 33334.2 or 33334.6, into the Low and

Moderate Income Housing Fund if the agency finds the difference between the amount deposited and the amount required by paragraph (1) is necessary to make principal and interest payments during that fiscal year on bonds sold by the agency to finance or refinance the redevelopment project prior to six months before the date of adoption of the amendment authorized by this section. Bonds sold by the agency prior to six months before the date of the adoption of the amendment authorized by this section may be refinanced, refunded, or restructured only after the date of the amendment pursuant to this section. For purposes of this section, however, bonds refinanced, refunded, or restructured after the date of the amendment pursuant to this section may be treated only as if sold on the date the original bonds were sold if all of the following conditions occur:

(A) The net proceeds were used to refinance the original bonds.

(B) There is no increase in the amount of principal at the time of refinancing, restructuring, or refunding.

(C) The time during which the refinanced indebtedness is to be repaid does not exceed the date on which the existing indebtedness would have been repaid.

(3) No later than 120 days prior to depositing less than the amount required by paragraph (1) into the Low and Moderate Income Housing Fund, the agency shall adopt, by resolution after a noticed public hearing, a finding that the difference between the amount allocated and the amount required by paragraph (1) is necessary to make payments on bonds sold by the agency to finance or refinance the redevelopment project specifying the amount of principal remaining on the bonds, the amount of annual payments, and the date on which the indebtedness will be repaid. Notice of the time and place of the public hearing shall be published in a newspaper of general circulation once a week for at least two successive weeks prior to the public hearing. The agency shall make available to the public the proposed resolution no later than the time of the publication of the first notice of the public hearing. A copy of the resolution shall be transmitted to the Department of Housing and Community Development within 10 days after adoption.

(4) Notwithstanding paragraph (1), an agency that sells bonds on or after the date of adoption of the amendment authorized by this section, the repayment of which is to be made from taxes

allocated to the agency pursuant to Section 33670 from the project as amended pursuant to this section, may elect to subordinate up to 16⅔ percent of its annual 30-percent Low and Moderate Income Housing Fund deposit obligation to the payment of debt service on the bonds. If the agency makes that election and in any year the agency has insufficient tax-increment revenue available to pay debt service on the bonds to which the funds from the Low and Moderate Income Housing Fund are subordinated, the agency may deposit less than the full 100 percent of its annual 30-percent Low and Moderate Income Housing Fund obligation but only to the extent necessary to pay that debt service, and in no event shall less than 83⅓ percent of that obligation be deposited into the Low and Moderate Income Housing Fund for that year. The difference between the amount that is actually deposited in the Low and Moderate Income Housing Fund and the full required deposit obligation into the agency's 30-percent Low and Moderate Income Housing Fund shall constitute a deficit in the Low and Moderate Income Housing Fund subject to repayment pursuant to paragraph (5).

(5) If pursuant to paragraph (2) or (4) the agency deposits less than 30 percent of the taxes allocated to the agency pursuant to Section 33670 in any fiscal year in the Low and Moderate Income Housing Fund, the amount equal to the difference between 30 percent of the taxes allocated to the agency pursuant to Section 33670 for each affected redevelopment project area and the amount actually deposited in the Low and Moderate Income Housing Fund for that fiscal year shall be established as a deficit in the Low and Moderate Income Housing Fund. Any new tax increment funds not encumbered pursuant to paragraph (2) or (4) shall be utilized to reduce or eliminate the deficit prior to entering into any new contracts, commitments, or indebtedness. The obligations imposed by this section shall be an indebtedness of the redevelopment project to which the obligations relate, payable from taxes allocated to the agency pursuant to Section 33670. Notwithstanding any other provision of law, the indebtedness shall constitute an indebtedness of the agency with respect to the redevelopment project. The agency shall continue to receive allocations of taxes pursuant to Section 33670 until the deficit is paid in full.

(h) The city and its agency may not amend their redevelopment plan or plans pursuant to this section unless the agency first adopts

a resolution that finds, based on substantial evidence, all of the following:

(1) The community has adopted a housing element that the department has determined pursuant to Section 65585 of the Government Code to be in substantial compliance with the requirements of Article 10.6 (commencing with Section 65580) of Chapter 3 of Division 1 of Title 7 of the Government Code.

(2) During the three fiscal years prior to the year in which the amendment authorized by this section is adopted, the agency has not been included in the report sent by the Controller to the Attorney General pursuant to subdivision (b) of Section 33080.8 as an agency that has a major violation pursuant to Section 33080.8, or, if included, such major violation has been corrected.

(3) The agency has not accumulated an excess surplus in its Low and Moderate Income Housing Fund as confirmed in the agency's most recent audit report pursuant to paragraph (1) of subdivision (a) of Section 33080.1. As used in this section, "excess surplus" has the same meaning as defined in Section 33334.12.

(i) The amendment to the redevelopment plan or plans authorized by this section shall be made by ordinance adopted by the legislative body. Prior to adopting an ordinance pursuant to this subdivision, the legislative body shall hold a public hearing. Notice of the public hearing shall be published pursuant to Section 6063 of the Government Code prior to the date of the hearing in a newspaper of general circulation in the community, or, if there is none, a newspaper selected by the agency. A copy of the notice of public hearing shall be mailed to the governing body of each of the taxing agencies that levies upon any property in the project area. Notices to the taxing agencies shall be mailed by certified mail, return receipt requested. In adopting the ordinance pursuant to this subdivision, neither the agency nor the legislative body is required to comply with Section 33354.6, Article 12 (commencing with Section 33450), or any other provision of this part relating to the amendment of redevelopment plans, except the agency shall make the payment to affected taxing agencies required by Section 33607.7. The ordinance shall be subject to referendum as prescribed by law for ordinances of the legislative body.

(j) The limitations established in the ordinance adopted pursuant to this section shall not be applied to limit allocation of taxes to the agency to the extent required to comply with Section 33333.8.

In the event of a conflict between these limitations and the obligations under Section 33333.8, the limitation established in the ordinance shall be suspended pursuant to Section 33333.8.

SEC. 3. The Legislature finds and declares that, because of the unique circumstances applicable to housing and redevelopment in the County of Los Angeles, a statute of general applicability cannot be enacted within the meaning of subdivision (b) of Section 16 of Article IV of the California Constitution, and therefore, this special statute is necessary.

~~SECTION 1. Section 50650.3 of the Health and Safety Code is amended to read:~~

~~50650.3. (a) Funds appropriated for purposes of this chapter shall be used to enable low- and very low income households to become or remain homeowners. Funds shall be provided by the department to local public agencies or nonprofit corporations as either of the following:~~

~~(1) Grants for programs that assist individual households.~~

~~(2) Loans that assist development projects involving multiple homeownership units, including single-family subdivisions.~~

~~(b) Grant funds may be used for first-time homebuyer downpayment assistance, home rehabilitation, homeownership counseling, home acquisition and rehabilitation, or self-help mortgage assistance programs, or for technical assistance for self-help and shared housing homeownership. Loan funds may be used for purchase of real property, site development, predevelopment, and construction period expenses incurred on homeownership development projects, and permanent financing for mutual housing or cooperative developments. Upon completion of construction, the department may convert project loans into grants for programs of assistance to individual homeowners. Financial assistance provided to individual households shall be in the form of deferred payment loans, repayable upon sale or transfer of the homes, when they cease to be owner-occupied, or upon the loan maturity date. Financial assistance may be provided in the form of a secured forgivable loan to an individual household to rehabilitate, repair, or replace manufactured housing located in a mobilehome park and not permanently affixed to a foundation. The loan shall be due and payable in 20 years, with 10 percent of the original principle to be forgiven annually for each additional year beyond the 10th year that the home is owned and continuously**

~~occupied by the borrower. Not more than 10 percent of the funds available for the purposes of this chapter in a fiscal year shall be used for financial assistance in the form of secured forgivable loans.~~

~~(c) All loan repayments shall be used for activities allowed under this section, and shall be governed by a reuse plan approved by the department. Those reuse plans may provide for loan servicing by the grant recipient or a third-party local government agency or nonprofit corporation.~~

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