

Introduced by Senator CorreaFebruary 23, 2009

An act to amend Sections 50650.3 and 50650.4 of the Health and Safety Code, relating to housing.

LEGISLATIVE COUNSEL'S DIGEST

SB 224, as introduced, Correa. CalHome Program: homeowner grants.

(1) Existing law establishes the CalHome Program under the administration of the Department of Housing and Community Development and authorizes funds appropriated for purposes of the program to be used to enable low- and very low income households to become or remain homeowners. The program authorizes the use of grant funds for, among other things, home rehabilitation. Existing administrative regulations require installation of an ignition resistant construction system only when a manufactured home, mobilehome, multifamily manufactured home, or commercial modular is installed in designated areas.

This bill would provide that home rehabilitation includes the installation or retrofit of ignition resistant exterior components on existing manufactured homes and mobilehomes required pursuant to specified administrative regulations. The bill would prohibit rehabilitation funding for these purposes under a specified circumstance.

(2) Under the CalHome Program, the department provides the program funds to local public agencies or nonprofit corporations as either grants or loans to assist homeownership and requires them to meet prescribed criteria. In administering the program, the department is authorized to permit local agencies and nonprofit corporations to apply their own guidelines with respect to the use of CalHome funds.

This bill would prohibit a local public agency and a nonprofit corporation from denying funding or applying different underwriting guidelines to a housing program or project solely on the basis that the home is a manufactured home or mobilehome or the home is located in a mobilehome park or a manufactured housing community.

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 50650.3 of the Health and Safety Code
2 is amended to read:

3 50650.3. (a) Funds appropriated for purposes of this chapter
4 shall be used to enable low- and very low income households to
5 become or remain homeowners. Funds shall be provided by the
6 department to local public agencies or nonprofit corporations as
7 either of the following:

- 8 (1) Grants for programs that assist individual households.
- 9 (2) Loans that assist development projects involving multiple
10 homeownership units, including single-family subdivisions.

11 (b) (1) Grant funds may be used for first-time homebuyer
12 downpayment assistance, home rehabilitation, *including the*
13 *installation or retrofit of ignition resistant exterior components*
14 *on existing manufactured homes and mobilehomes required*
15 *pursuant to Article 2.3 (commencing with Section 4200) of*
16 *Subchapter 2 of Chapter 3 of Division 1 of Title 25 of the*
17 *California Code of Regulations, homebuyer counseling, home*
18 *acquisition and rehabilitation, or self-help mortgage assistance*
19 *programs, or for technical assistance for self-help and shared*
20 *housing homeownership. ~~Loan~~*

21 (2) *Home rehabilitation funding for the purpose of installing*
22 *ignition resistant components on manufactured homes or*
23 *mobilehomes pursuant to this subdivision shall not be conditioned*
24 *upon the rehabilitation of additional or unrelated home components*
25 *unless that rehabilitation is required pursuant to Article 2.3*
26 *(commencing with Section 4200) of Subchapter 2 of Chapter 3 of*
27 *Division 1 of Title 25 of the California Code of Regulations.*

28 (c) *Loan* funds may be used for purchase of real property, site
29 development, predevelopment, and construction period expenses
30 incurred on homeownership development projects, and permanent

1 financing for mutual housing or cooperative developments. Upon
2 completion of construction, the department may convert project
3 loans into grants for programs of assistance to individual
4 homeowners. Financial assistance provided to individual
5 households shall be in the form of deferred payment loans,
6 repayable upon sale or transfer of the homes, when they cease to
7 be owner-occupied, or upon the loan maturity date. Financial
8 assistance may be provided in the form of a secured forgivable
9 loan to an individual household to rehabilitate, repair, or replace
10 manufactured housing located in a mobilehome park and not
11 permanently affixed to a foundation. The loan shall be due and
12 payable in 20 years, with 10 percent of the original principle to be
13 forgiven annually for each additional year beyond the 10th year
14 that the home is owned and continuously occupied by the borrower.
15 Not more than 10 percent of the funds available for the purposes
16 of this chapter in a fiscal year shall be used for financial assistance
17 in the form of secured forgivable loans.

18 (e)

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

24 SEC. 2. Section 50650.4 of the Health and Safety Code is
25 amended to read:

26 50650.4. (a) To be eligible to receive a grant or loan, local
27 public agencies or nonprofit corporations shall demonstrate
28 sufficient organizational stability and capacity to carry out the
29 activity for which they are requesting funds, including, where
30 applicable, the capacity to manage a portfolio of individual loans
31 over an extended time period. Capacity may be demonstrated by
32 substantial successful experience performing similar activities, or
33 through other means acceptable to the department. In administering
34 the CalHome program, the department may permit local agencies
35 and nonprofit corporations to apply their own underwriting
36 guidelines when evaluating CalHome rehabilitation loan
37 applications, following prior review and approval of those
38 guidelines by the department. The local agency or nonprofit
39 corporation ~~may~~ shall not subsequently alter its underwriting
40 guidelines with respect to the use of CalHome funds without review

1 and approval by the department. In allocating funds, the department
2 shall utilize a competitive application process, using weighted
3 evaluation criteria, including, but not limited to, the extent that the
4 program or project utilizes volunteer or self-help labor, trains youth
5 and young adults in construction skills, creates balanced
6 communities, involves community participation, or whether the
7 program or project contributes toward community revitalization.
8 To the extent feasible, the application process shall ensure a
9 reasonable geographic distribution of funds.

10 *(b) In administering department funds received pursuant to*
11 *subdivision (a), local public agencies and nonprofit corporations*
12 *shall not deny the funding application of, or apply different*
13 *underwriting guidelines to, a housing program or project solely*
14 *on the basis of either of the following:*

15 *(1) The home is a manufactured home or mobilehome, as defined*
16 *in Sections 18007 and 18008.*

17 *(2) The home is located in a mobilehome park or in a*
18 *manufactured housing community, as defined in Sections 18214*
19 *and 18210.7.*