

ASSEMBLY BILL

No. 221

Introduced by Assembly Member Carter

February 1, 2011

An act to amend Sections 53533 and 53545 of the Health and Safety Code, relating to redevelopment.

LEGISLATIVE COUNSEL'S DIGEST

AB 221, as introduced, Carter. The Housing and Emergency Shelter Trust Fund Acts of 2002 and 2006: supportive housing.

The Housing and Emergency Shelter Trust Fund Acts of 2002 and 2006 authorized the issuance of bonds pursuant to the State General Obligation Bond Law to fund various housing programs administered by the Department of Housing and Community Development. Under the acts, specified amounts of funds are transferred to the Emergency Housing and Assistance Fund to be distributed in the form of capital development grants under the Emergency Housing and Assistance Program.

This bill would require that the funds transferred to the Emergency Housing and Assistance Fund pursuant to both acts also be made available for supportive housing purposes, as specified.

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 53533 of the Health and Safety Code is
2 amended to read:

1 53533. (a) Moneys deposited in the fund from the sale of bonds
2 pursuant to this part shall be allocated for expenditure in
3 accordance with the following schedule:

4 (1) Nine hundred ten million dollars (\$910,000,000) shall be
5 transferred to the Housing Rehabilitation Loan Fund to be
6 expended for the Multifamily Housing Program authorized by
7 Chapter 6.7 (commencing with Section 50675) of Part 2, except
8 for the following:

9 (A) Fifty million dollars (\$50,000,000) shall be transferred to
10 the Preservation Opportunity Fund and, notwithstanding Section
11 13340 of the Government Code, is continuously appropriated
12 without regard to fiscal years for the preservation of at-risk housing
13 pursuant to Chapter 5 (commencing with Section 50600) of Part
14 2.

15 (B) Twenty million dollars (\$20,000,000) shall be used for
16 nonresidential space for supportive services, including, but not
17 limited to, job training, health services, and child care within, or
18 immediately proximate to, projects to be funded under the
19 Multifamily Housing Program. This funding shall be in addition
20 to any applicable per-unit or project loan limits and may be in the
21 form of a grant. Service providers shall ensure that services are
22 available to project residents on a priority basis over the general
23 public.

24 (C) Twenty-five million dollars (\$25,000,000) shall be used for
25 matching grants to local housing trust funds pursuant to Section
26 50843.

27 (D) Fifteen million dollars (\$15,000,000) shall be used for
28 student housing through the Multifamily Housing Program, subject
29 to the following provisions:

30 (i) The department shall give first priority for projects on land
31 owned by a University of California or California State University
32 campus. Second priority shall be given to projects located within
33 one mile of a University of California or California State University
34 campus that is suffering from a severe shortage of housing and
35 limited availability of developable land as determined by the
36 department. Those determinations shall be set forth in the Notice
37 of Funding Availability and shall not be subject to the requirements
38 of Chapter 3.5 (commencing with Section 11340) of Part 1 of Title
39 2 of the Government Code.

1 (ii) All funds shall be matched on a one-to-one basis from
2 private sources or by the University of California or California
3 State University. For the purposes of this subparagraph, “University
4 of California” includes the Hastings College of the Law.

5 (iii) Occupancy for the units shall be restricted to students
6 enrolled on a full-time basis in the University of California or
7 California State University.

8 (iv) Income eligibility pursuant to the Multifamily Housing
9 Program shall be established by verification of the combined
10 income of the student and his or her family.

11 (v) Any funds not used for this purpose within 24 months of
12 the date that the funds are made available shall be awarded pursuant
13 to subdivision (a) for the Downtown Rebound Program as set forth
14 in paragraph (3) of subdivision (a) of Section 50898.1.

15 (E) Any funds not encumbered for the purposes set forth in this
16 paragraph, except subparagraph (D), within 30 months of
17 availability shall revert to the Housing Rehabilitation Loan Fund
18 created by Section 50661 for general use in the Multifamily
19 Housing Program.

20 (2) One hundred ninety-five million dollars (\$195,000,000)
21 shall be transferred to the Emergency Housing and Assistance
22 Fund to be expended for the Emergency Housing and Assistance
23 Program authorized by Chapter 11.5 (commencing with Section
24 50800) of Part 2 *and for supportive housing purposes specified in*
25 *paragraph (3).*

26 (3) One hundred ninety-five million dollars (\$195,000,000)
27 shall be transferred to the Housing Rehabilitation Loan Fund to
28 be expended for supportive housing projects under the Multifamily
29 Housing Program authorized by Chapter 6.7 (commencing with
30 Section 50675) of Part 2, to serve individuals and households
31 moving from emergency shelters or transitional housing or those
32 at risk of homelessness.

33 (4) Two hundred million dollars (\$200,000,000) shall be
34 transferred to the Joe Serna, Jr. Farmworker Housing Grant Fund
35 to be expended for farmworker housing programs authorized by
36 Chapter 3.2 (commencing with Section 50517.5) of Part 2, except
37 for the following:

38 (A) Twenty-five million dollars (\$25,000,000) shall be used for
39 projects that serve migratory agricultural workers as defined in
40 subdivision (i) of Section 7602 of Title 25 of the California Code

1 of Regulations. If, after July 1, 2003, funds remain after the
2 approval of all feasible applications, the department shall be
3 deemed an eligible recipient for the purposes of reconstructing
4 migrant centers operated through the Office of Migrant Services
5 pursuant to Chapter 8.5 (commencing with Section 50710) that
6 would otherwise be scheduled for closure due to health or safety
7 considerations or are in need of significant repairs to ensure the
8 health and safety of the residents. Of the moneys allocated by this
9 subparagraph, the department shall receive fifteen million dollars
10 (\$15,000,000) for these purposes subject to the following
11 conditions and requirements:

12 (i) The amount available to the department as a recipient shall
13 be limited to ten million seven hundred thousand dollars
14 (\$10,700,000) prior to September 1, 2006. The department may
15 receive up to four million three hundred thousand dollars
16 (\$4,300,000) in additional funds after that date and prior to July
17 1, 2007, to the extent that unencumbered funds are available.

18 (ii) The department shall make at least eight million one hundred
19 fifty-nine thousand dollars (\$8,159,000) available for flexible loans
20 and grants for projects that serve migratory agricultural workers
21 pursuant to subdivision (a) of Section 50517.10. These funds shall
22 be available for encumbrance until September 1, 2006.

23 (iii) Any funds allocated by this subparagraph remaining
24 unencumbered on July 1, 2007, shall revert for general use in the
25 Joe Serna, Jr. Farmworker Housing Grant Program.

26 (B) Twenty million dollars (\$20,000,000) shall be used for
27 developments that also provide health services to the residents.
28 Recipients of these funds shall be required to provide ongoing
29 monitoring of funded developments to ensure compliance with the
30 requirements of the Joe Serna, Jr. Farmworker Housing Grant
31 Program. Projects receiving funds through this allocation shall be
32 ineligible for funding through the Joe Serna, Jr. Farmworker
33 Housing Grant Program.

34 (C) Except as provided in subparagraph (A), funds not
35 encumbered for the purposes set forth in this paragraph within 30
36 months of availability shall revert for general use in the Joe Serna,
37 Jr. Farmworker Housing Grant Program.

38 (5) Two hundred five million dollars (\$205,000,000) shall be
39 transferred to the Self-Help Housing Fund. Notwithstanding
40 Section 13340 of the Government Code and Section 50697.1, these

1 funds are hereby continuously appropriated without regard to fiscal
2 years to the department to be expended for the purposes of the
3 CalHome Program authorized by Chapter 6 (commencing with
4 Section 50650) of Part 2, except for the following:

5 (A) Seventy-five million dollars (\$75,000,000) shall be
6 transferred to the Building Equity and Growth in Neighborhoods
7 Fund to be used for the Building Equity and Growth in
8 Neighborhoods (BEGIN) Program pursuant to Chapter 4.5
9 (commencing with Section 50860) of Part 1.

10 (B) Five million dollars (\$5,000,000) shall be used to provide
11 grants to cities, counties, cities and counties, and nonprofit
12 organizations to provide grants for lower income tenants with
13 disabilities for the purpose of making exterior modifications to
14 rental housing in order to make that housing accessible to persons
15 with disabilities. For the purposes of this subparagraph, “exterior
16 modifications” includes modifications that are made to entryways
17 or to common areas of the structure or property. The program
18 provided for under this subparagraph shall not be subject to Chapter
19 3.5 (commencing with Section 11340) of Part 1 of Title 2 of the
20 Government Code.

21 (C) Ten million dollars (\$10,000,000) shall be expended for
22 construction management under the California Self-Help Housing
23 Program pursuant to subdivision (b) of Section 50696.

24 (D) Any funds not encumbered for the purposes set forth in this
25 paragraph within 30 months of availability shall revert for general
26 use in the CalHome Program.

27 (6) Five million dollars (\$5,000,000) shall be transferred to the
28 Housing Rehabilitation Loan Fund to be expended for capital
29 expenditures in support of local code enforcement and compliance
30 programs. This allocation shall not be subject to Chapter 3.5
31 (commencing with Section 11340) of Part 1 of Title 2 of the
32 Government Code. If the moneys allocated pursuant to this
33 paragraph are not expended within three years after being
34 transferred, the department may, in its discretion, transfer the
35 moneys to the Housing Rehabilitation Loan Fund to be expended
36 for the Multifamily Housing Program.

37 (7) Two hundred ninety million dollars (\$290,000,000) shall be
38 transferred to the Self-Help Housing Fund. Notwithstanding
39 Section 50697.1, these funds are hereby continuously appropriated
40 to the agency to be expended for the purposes of the California

1 Homebuyer's Downpayment Assistance Program authorized by
2 Chapter 11 (commencing with Section 51500) of Part 3, except
3 for the following:

4 (A) Fifty million dollars (\$50,000,000) shall be transferred to
5 the School Facilities Fee Assistance Fund as provided by
6 subdivision (a) of Section 51453 to be used for the Homebuyer
7 Down Payment Assistance Program of 2002 established by Section
8 51451.5.

9 (B) Eighty-five million dollars (\$85,000,000) shall be transferred
10 to the California Housing Loan Insurance Fund to be used for
11 purposes of Part 4 (commencing with Section 51600). The agency
12 may transfer these moneys as often as quarterly in amounts that
13 shall not exceed the dollar amount of new insurance written by
14 the agency during the preceding quarter for loans for the purchase
15 of homes made to owner-occupant borrowers with incomes not
16 exceeding 120 percent of the area median income, divided by the
17 risk-to-capital ratio required for the maintenance of satisfactory
18 credit ratings from nationally recognized credit rating services.

19 (C) (i) Twelve million five hundred thousand dollars
20 (\$12,500,000) shall be reserved for downpayment assistance to
21 low-income first-time home buyers who, as documented to the
22 agency by a nonprofit organization certified and funded to provide
23 home ownership counseling by a federally funded national
24 nonprofit corporation, are purchasing a residence in a community
25 revitalization area targeted by the nonprofit organization and who
26 have received home ownership counseling from the nonprofit
27 organization. Community revitalization areas shall be limited to
28 targeted neighborhoods identified by qualified nonprofit
29 organizations as those neighborhoods in need of economic
30 stimulation, renovation, and rehabilitation through efforts that
31 include increased home ownership opportunities for low-income
32 families.

33 (ii) Effective January 1, 2004, 50 percent of the funds available
34 pursuant to clause (i) shall be available for downpayment assistance
35 in an amount not to exceed 6 percent of the home sale price.

36 (iii) After 12 months of availability, if more than 50 percent of
37 the funds set aside pursuant to clause (ii) have been encumbered,
38 the agency shall discontinue that program and make all remaining
39 funds available for downpayment assistance pursuant to clause (i).
40 If, however, less than 50 percent of the funds allocated pursuant

1 to clause (ii) are encumbered after that 12-month period, the agency
2 may, at its sole discretion, either make all remaining funds provided
3 pursuant to clause (i) available for the purpose of clause (ii), or
4 may continue to implement clause (ii) until all of the funds
5 allocated for that purpose as of January 1, 2004, have been
6 encumbered.

7 (D) Twenty-five million dollars (\$25,000,000) shall be used for
8 downpayment assistance pursuant to Section 51505. After 18
9 months of availability, if the agency determines that the funds set
10 aside pursuant to this section will not be utilized for purposes of
11 Section 51505, these funds shall be available for the general use
12 of the agency for the purposes of the California Homebuyer's
13 Downpayment Assistance Program, but may also continue to be
14 available for the purposes of Section 51505.

15 (E) Funds not utilized for the purposes set forth in subparagraphs
16 (B) and (C) within 30 months shall revert for general use in the
17 California Homebuyer's Downpayment Assistance Program.

18 (8) One hundred million dollars (\$100,000,000) shall be
19 transferred to the Jobs Housing Improvement Account to be
20 expended as capital grants to local governments for increasing
21 housing pursuant to enabling legislation. If the enabling legislation
22 fails to become law in the 2001-02 Regular Session of the
23 Legislature, the specified allocation for this program shall be void
24 and the funds shall revert for general use in the Multifamily
25 Housing Program as specified in paragraph (1) of subdivision (a).

26 (b) No portion of the moneys allocated pursuant to this section
27 may be expended for project operating costs, except that this
28 section does not preclude expenditures for operating costs from
29 reserves required to be maintained by or on behalf of the project
30 sponsor.

31 (c) The Legislature may, from time to time, amend the
32 provisions of law related to programs to which funds are, or have
33 been, allocated pursuant to this section for the purpose of
34 improving the efficiency and effectiveness of the program, or for
35 the purpose of furthering the goals of the program.

36 (d) The Bureau of State Audits shall conduct periodic audits to
37 ensure that bond proceeds are awarded in a timely fashion and in
38 a manner consistent with this part, and that awardees of bond
39 proceeds are using funds in compliance with applicable provisions
40 of this part.

1 SEC. 2. Section 53545 of the Health and Safety Code is
2 amended to read:

3 53545. The Housing and Emergency Shelter Trust Fund of
4 2006 is hereby created in the State Treasury. The Legislature
5 intends that the proceeds of bonds deposited in the fund shall be
6 used to fund the housing-related programs described in this chapter
7 over the course of the next decade. The proceeds of bonds issued
8 and sold pursuant to this part for the purposes specified in this
9 chapter shall be allocated in the following manner:

10 (a) (1) One billion five hundred million dollars (\$1,500,000,000)
11 to be deposited in the Affordable Housing Account, which is
12 hereby created in the fund. Notwithstanding Section 13340 of the
13 Government Code, the money in the account shall be continuously
14 appropriated in accordance with the following schedule:

15 (A) (i) Three hundred forty-five million dollars (\$345,000,000)
16 shall be transferred to the Housing Rehabilitation Loan Fund to
17 be expended for the Multifamily Housing Program authorized by
18 Chapter 6.7 (commencing with Section 50675) of Part 2. The
19 priorities specified in Section 50675.13 shall apply to the
20 expenditure of funds pursuant to this clause.

21 (ii) Fifty million dollars (\$50,000,000) shall be transferred to
22 the Housing Rehabilitation Loan Fund to be expended under the
23 Multifamily Housing Program authorized by Chapter 6.7
24 (commencing with Section 50675) of Part 2 for housing meeting
25 the definitions in paragraphs (2) and (3) of subdivision (e) of
26 Section 11139.3 of the Government Code. The department may
27 provide higher per-unit loan limits as necessary to achieve
28 affordable housing costs to the target population. Any funds not
29 encumbered for the purposes of this clause by July 31, 2011, shall
30 revert for general use in the Multifamily Housing Program unless
31 the department determines that funds should revert sooner due to
32 diminished demand.

33 (B) One hundred ninety-five million dollars (\$195,000,000)
34 shall be transferred to the Housing Rehabilitation Loan Fund to
35 be expended for the Multifamily Housing Program authorized by
36 Chapter 6.7 (commencing with Section 50675) of Part 2, to be
37 used for supportive housing for individuals and households moving
38 from emergency shelters or transitional housing or those at risk of
39 homelessness. The Department of Housing and Community
40 Development shall provide for higher per-unit loan limits as

1 reasonably necessary to achieve housing costs affordable to those
2 individuals and households. For purposes of this subparagraph,
3 “supportive housing” means housing with no limit on length of
4 stay, that is occupied by the target population, as defined in
5 subdivision (d) of Section 53260, and that is linked to onsite or
6 offsite services that assist the tenant to retain the housing, improve
7 his or her health status, maximize his or her ability to live, and,
8 when possible, work in the community. The criteria for selecting
9 projects shall give priority to:

10 (i) Supportive housing for people with disabilities who would
11 otherwise be at high risk of homelessness where the applications
12 represent collaboration with programs that meet the needs of the
13 person’s disabilities.

14 (ii) Projects that demonstrate funding commitments from local
15 governments for operating subsidies or services funding, or both,
16 for five years or longer.

17 (C) One hundred thirty-five million dollars (\$135,000,000) shall
18 be transferred to the fund created by subdivision (b) of Section
19 50517.5 to be expended for the programs authorized by Chapter
20 3.2 (commencing with Section 50517.5) of Part 2.

21 (D) Three hundred million dollars (\$300,000,000) shall be
22 transferred to the Self-Help Housing Fund created by Section
23 50697.1. These funds shall be available to the Department of
24 Housing and Community Development, to be expended for the
25 purposes of enabling households to become or remain homeowners
26 pursuant to the CalHome Program authorized by Chapter 6
27 (commencing with Section 50650) of Part 2, except ten million
28 dollars (\$10,000,000) shall be expended for construction
29 management under the California Self-Help Housing Program
30 pursuant to subdivision (b) of Section 50696.

31 (E) Two hundred million dollars (\$200,000,000) shall be
32 transferred to the Self-Help Housing Fund created by Section
33 50697.1. These funds shall be available to the California Housing
34 Finance Agency, to be expended for the purposes of the California
35 Homebuyer’s Downpayment Assistance Program authorized by
36 Chapter 11 (commencing with Section 51500) of Part 3. Up to one
37 hundred million dollars (\$100,000,000) of these funds may be
38 expended pursuant to subdivision (b) of Section 51504.

39 (F) One hundred million dollars (\$100,000,000) shall be
40 transferred to the Affordable Housing Innovation Fund, which is

1 hereby created in the State Treasury, to be administered by the
2 Department of Housing and Community Development. Funds shall
3 be expended for competitive grants or loans to sponsoring entities
4 that develop, own, lend, or invest in affordable housing and used
5 to create pilot programs to demonstrate innovative, cost-saving
6 approaches to creating or preserving affordable housing. Specific
7 criteria establishing eligibility for and use of the funds shall be
8 established in statute as approved by a $\frac{2}{3}$ vote of each house of
9 the Legislature. Any funds not encumbered for the purposes set
10 forth in this subparagraph within 30 months of availability shall
11 revert to the Self-Help Housing Fund created by Section 50697.1
12 and shall be available for the purposes described in subparagraph
13 (D).

14 (G) One hundred twenty-five million dollars (\$125,000,000)
15 shall be transferred to the Building Equity and Growth in
16 Neighborhoods Fund to be used for the Building Equity and
17 Growth in Neighborhoods (BEGIN) Program pursuant to Chapter
18 14.5 (commencing with Section 50860) of Part 1. Any funds not
19 encumbered for the purposes set forth in this subparagraph by
20 November 17, 2011, shall revert for general use in the CalHome
21 Program unless the department determines that funds should revert
22 sooner due to diminished demand.

23 (H) Fifty million dollars (\$50,000,000) shall be transferred to
24 the Emergency Housing and Assistance Fund *for both of the*
25 *following purposes:* ~~to~~

26 (i) ~~be distributed in the form~~ *Distribution* of capital development
27 grants under the Emergency Housing and Assistance Program
28 authorized by Chapter 11.5 (commencing with Section 50800) of
29 Part 2 of Division 31. The funds shall be administered by the
30 Department of Housing and Community Development in a manner
31 consistent with the restrictions and authorizations contained in
32 Provision 3 of Item 2240-105-0001 of the Budget Act of 2000,
33 except that any appropriations in that item shall not apply. The
34 competitive system used by the department shall incorporate
35 priorities set by the designated local boards and their input as to
36 the relative merits of submitted applications from within the
37 designated local board's county in relation to those priorities. In
38 addition, the funding limitations contained in this section shall not
39 apply to the appropriation in that budget item.

1 (ii) *The availability of funds for supportive housing purposes*
2 *specified in subparagraph (B).*

3 (2) The Legislature may, from time to time, amend the
4 provisions of law related to programs to which funds are, or have
5 been, allocated pursuant to this subdivision for the purpose of
6 improving the efficiency and effectiveness of the program, or for
7 the purpose of furthering the goals of the program.

8 (3) With the revenues from bond proceeds issued and sold
9 pursuant to this part, the Bureau of State Audits shall conduct
10 periodic audits to ensure that bond proceeds are awarded in a timely
11 fashion and in a manner consistent with the requirements of this
12 section, and that awardees of bond proceeds are using funds in
13 compliance with applicable provisions of this section. The first
14 audit shall be conducted no later than one year from voter approval
15 of this part.

16 (4) In its annual report to the Legislature, the Department of
17 Housing and Community Development shall report how funds that
18 were made available pursuant to this subdivision and allocated in
19 the prior year were expended. The department shall make the report
20 available to the public on its Internet Web site.

21 (b) Eight hundred fifty million dollars (\$850,000,000) shall be
22 deposited in the Regional Planning, Housing, and Infill Incentive
23 Account, which is hereby created in the fund. Funds in the account
24 shall be available, upon appropriation by the Legislature, and
25 subject to such other conditions and criteria as the Legislature may
26 provide in statute, for the following purposes:

27 (1) For infill incentive grants for capital outlay related to infill
28 housing development and other related infill development,
29 including, but not limited to, all of the following:

30 (A) No more than two hundred million dollars (\$200,000,000)
31 for park creation, development, or rehabilitation to encourage infill
32 development.

33 (B) Water, sewer, or other public infrastructure costs associated
34 with infill development.

35 (C) Transportation improvements related to infill development
36 projects.

37 (D) Traffic mitigation.

38 (2) For brownfield cleanup that promotes infill housing
39 development and other related infill development consistent with
40 regional and local plans.

1 (c) Three hundred million dollars (\$300,000,000) to be deposited
2 in the Transit-Oriented Development Account, which is hereby
3 created in the fund, for transfer to the Transit-Oriented
4 Development Implementation Fund, for expenditure, upon
5 appropriation by the Legislature, pursuant to the Transit-Oriented
6 Development Implementation Program authorized by Part 13
7 (commencing with Section 53560).
8 (d) Two hundred million dollars (\$200,000,000) shall be
9 deposited in the Housing Urban-Suburban-and-Rural Parks
10 Account, which is hereby created in the fund. Funds in the account
11 shall be available upon appropriation by the Legislature for
12 housing-related parks grants in urban, suburban, and rural areas,
13 subject to the conditions and criteria that the Legislature may
14 provide in statute.

O