

**ASSEMBLY BILL**

**No. 2388**

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**Introduced by Assembly Member Gipson**

February 18, 2016

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An act to add Article 13 (commencing with Section 50295) to Chapter 1 of Part 1 of Division 1 of Title 5 of the Government Code, relating to local government.

LEGISLATIVE COUNSEL'S DIGEST

AB 2388, as introduced, Gipson. Local government: housing: ownership.

Existing law declares the intent of the Legislature to preserve, upgrade, and expand the supply of housing to persons and families of low or moderate income, through the sale of specified surplus residential property owned by public agencies. Existing law establishes priorities and procedures that any state agency disposing of that surplus residential property is required to follow.

This bill, on or before January 1, 2018, would require every local government agency, as defined, to adopt a mortgage program that, among other things, allocates 10% of all single-family residences that the local government agency owns and leases to become eligible for purchase by tenants presently occupying the single-family residence. The bill would require each local government agency to adopt regulations for the administration of the program that include, among other things, eligibility requirements that limit the program to use by persons with extremely low income households, very low income households, lower income households, or persons and families of low or moderate income. By imposing new duties on local government agencies, this bill would impose a state-mandated local program.

The California Constitution requires the state to reimburse local agencies and school districts for certain costs mandated by the state. Statutory provisions establish procedures for making that reimbursement.

This bill would provide that, if the Commission on State Mandates determines that the bill contains costs mandated by the state, reimbursement for those costs shall be made pursuant to these statutory provisions.

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

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

SECTION 1. Article 13 (commencing with Section 50295) is added to Chapter 1 of Part 1 of Division 1 of Title 5 of the Government Code, to read:

Article 13. Pathway To Home Ownership

50295. (a) As used in this section the following terms have the following meanings:

(1) "Local government agency" means a city or county, including a charter city, charter county, or charter city and county, or any agency, authority, or department thereof.

(2) "Purchaser" means the tenant of a single family residence owned by a local government agency that utilizes the program to purchase a single-family residence.

(3) "Single-family residence" means a real property improvement used, or intended to be used, as a dwelling unit for one family.

(b) On or before January 1, 2018, each local government agency that owns and leases any single-family residence shall create a mortgage program that meets the following requirements:

(1) Allocates 10 percent of all single family residences that the local government agency owns and leases to become eligible for purchase by tenants of the single family residence.

(2) Provides a mortgage to eligible tenants of single family residences that allows those tenants to purchase the single-family residence they are presently leasing.

(3) Offers a required informational session for interested tenants to attend prior to purchase of a single-family residence through

1 the program. The session shall educate potential purchasers on  
2 their legal rights and obligations in purchasing a property through  
3 the program.

4 (4) Requires a valuation by the county assessor of any property  
5 being purchased through the program.

6 (5) Offers a wait list for persons interested in purchasing a  
7 property through the program if the local government agency has  
8 already met the 10-percent threshold with properties in the process  
9 of being purchased.

10 (c) The local government agency shall adopt regulations for the  
11 administration of the mortgage program that shall include, but are  
12 not limited to, the following:

13 (1) Mortgage eligibility requirements that are limited to tenants  
14 that qualify as extremely low income households, as defined by  
15 Section 50106 of the Health and Safety Code, very low income  
16 households, as defined by Section 50105 of the Health and Safety  
17 Code, lower income households, as defined by Section 50079.5  
18 of the Health and Safety Code, or persons and families of low or  
19 moderate income.

20 (2) (A) The maximum length of the mortgage, which shall not  
21 exceed 30 years. Except as provided in subparagraph (B), the  
22 monthly payment paid by a purchaser, including principal, interest,  
23 insurance, property taxes and other property-related assessments  
24 and taxes, and any required mortgage insurance, amortized over  
25 the term of the mortgage, shall not exceed the amount the purchaser  
26 previously paid as a tenant for occupancy in the property.

27 (B) A local government agency may reduce the payment  
28 requirements for purchasers with extremely low income, as  
29 necessary.

30 (3) The local government agency may decline to offer use of  
31 the program to a prospective purchaser if it determines that the  
32 purchaser would not be able to consistently make on-time  
33 payments. A prospective purchaser shall be permitted to reapply  
34 at a later date if the local government agency declines to offer the  
35 prospective purchaser use of the program.

36 SEC. 2. If the Commission on State Mandates determines that  
37 this act contains costs mandated by the state, reimbursement to  
38 local agencies and school districts for those costs shall be made

- 1 pursuant to Part 7 (commencing with Section 17500) of Division
- 2 4 of Title 2 of the Government Code.

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