

AMENDED IN ASSEMBLY APRIL 4, 2016

CALIFORNIA LEGISLATURE—2015–16 REGULAR SESSION

ASSEMBLY BILL

No. 2388

Introduced by Assembly Member Gipson

February 18, 2016

An act to add *and repeal* Article 13 (~~commencing with Section 50295~~) ~~to 7 (commencing with Section 34390)~~ of Chapter 1 of Part 1 of Division 1 of Title 5 of the Government Code, relating to local government: *housing*.

LEGISLATIVE COUNSEL'S DIGEST

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

Existing law, the Housing Authorities Law, declares that providing safe and sanitary dwelling accommodations for persons of low income is a public use and purpose for which public money may be spent and private property acquired, and is a governmental function of state concern. Existing law establishes procedures by which a local government may create or authorize a local housing authority to operate within it for this purpose. Existing law authorizes those housing authorities to convey surplus lands, as specified, for the development of homes for ownership by persons and families of low or moderate income. Existing law requires every local housing authority within a county or city to file on the first day of October of each year with the Department of Housing and Community Development a complete report of its activities during the previous fiscal year, with specified recommendations.

This bill would require the department, in conjunction with the California Housing Finance Agency to report, no later than January

1, 2018, on ways to increase homeownership for extremely low, very low, and low-income households. The bill would require the department and the agency to carry out and include in the report a survey of housing authorities in California, as specified.

~~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~~-no.

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

- 1 *SECTION 1. Article 7 (commencing with Section 34390) is*
- 2 *added to Chapter 1 of Part 2 of Division 24 of the Health and*
- 3 *Safety Code, to read:*

Article 7. Department of Housing and Community Development
Report to the Legislature

34390. (a) For purposes of this section:

(1) "Department" shall refer to "The Department of Housing and Community Development."

(2) "Agency" shall refer to "California Housing Finance Agency."

(b) The department, in conjunction with the agency, shall report to the Legislature, no later than January 1, 2018, on ways to increase homeownership for extremely low, very low, and low-income households. In preparing this report, the department and the agency shall develop a survey to gather information, including, but not limited to, the following:

(1) The number of housing authorities in California, and the number of single-family properties owned by housing authorities that are available for lease to extremely low, very low, and low-income families.

(2) The number of single-family homes owned by housing authorities in the last five years that were converted to ownership, and the names and descriptions of the programs through which the conversions were made.

(3) The number of single-family homes that were purchased by housing authorities using the federal Neighborhood Stabilization Program (NSP) funding.

(4) The number of housing authorities that have a Section 32 Homeownership Plan through the United States Department of Housing and Urban Development.

(5) The number of housing authorities that administer the federal Family Self-Sufficiency Program.

(c) The department and the agency shall work with any applicable association that represents housing authorities in California, in order to obtain a successful response rate to the survey described in subdivision (b) in order to capture the most accurate information.

(d) The report required by subdivision (b) shall also identify the following:

(1) Barriers or impediments to transitioning into homeownership for extremely low, very low, and low-income people.

1 (2) *Using several case studies of local housing authorities with*
2 *successful homeownership programs, potential best practices for*
3 *other housing authorities to follow.*

4 (3) *Strategies to target extremely low, very low, and low-income*
5 *people for homeownership programs.*

6 (4) *Funding programs for homeownership and other*
7 *opportunities to help transition low and very-low income people*
8 *to homeownership.*

9 (e) (1) *The report to be submitted pursuant to subdivision (b)*
10 *shall be submitted in compliance with Section 9795 of the*
11 *Government Code.*

12 (2) *Pursuant to Section 10231.5 of the Government Code, this*
13 *article is repealed on January 1, 2022.*

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

17
18 **Article 13. Pathway To Home Ownership**
19

20 ~~50295. (a) As used in this section the following terms have~~
21 ~~the following meanings:~~

22 (1) ~~“Local government agency” means a city or county,~~
23 ~~including a charter city, charter county, or charter city and county,~~
24 ~~or any agency, authority, or department thereof.~~

25 (2) ~~“Purchaser” means the tenant of a single family residence~~
26 ~~owned by a local government agency that utilizes the program to~~
27 ~~purchase a single-family residence.~~

28 (3) ~~“Single-family residence” means a real property~~
29 ~~improvement used, or intended to be used, as a dwelling unit for~~
30 ~~one family.~~

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

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

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

1 ~~(3) Offers a required informational session for interested tenants~~
2 ~~to attend prior to purchase of a single-family residence through~~
3 ~~the program. The session shall educate potential purchasers on~~
4 ~~their legal rights and obligations in purchasing a property through~~
5 ~~the program.~~

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

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

12 ~~(e) The local government agency shall adopt regulations for the~~
13 ~~administration of the mortgage program that shall include, but are~~
14 ~~not limited to, the following:~~

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

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

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

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

38 ~~SEC. 2. If the Commission on State Mandates determines that~~
39 ~~this act contains costs mandated by the state, reimbursement to~~
40 ~~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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5 CORRECTIONS:

6 Text—Pages 4, 5, and 6.

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