

AMENDED IN SENATE APRIL 28, 2016  
AMENDED IN SENATE MARCH 30, 2016

**SENATE BILL**

**No. 879**

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**Introduced by Senator Beall**

January 15, 2016

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An act to add Section 65589.9 to the Government Code, and to add Part 14 (commencing with Section 53570) to Division 31 of the Health and Safety Code, relating to housing, by providing the funds necessary therefor through an election for the issuance and sale of bonds of the State of California and for the handling and disposition of those funds, and declaring the urgency thereof, to take effect immediately.

LEGISLATIVE COUNSEL'S DIGEST

SB 879, as amended, Beall. Affordable Housing Bond Act of 2016.

~~(1) The Planning and Zoning Law requires a city or county to prepare and adopt a comprehensive, long-term general plan, and requires the general plan to include specified, mandatory elements, including a housing element. That law authorizes cities and counties to adopt ordinances that, among other things, regulate the use of buildings, structures, and land as between industry, business, residences, and open space, including agriculture, recreation, enjoyment of scenic beauty, use of natural resources, and other purposes. That law also establishes the Office of Planning and Research in the Governor's Office to, among other things, serve the Governor and his or her Cabinet as staff for long-range planning and research, and to constitute the comprehensive state planning agency, as provided.~~

~~This bill would require a person wishing to develop or use his or her property for a nonconforming commercial lodging use to apply for and obtain a nonconforming commercial lodging use permit from the office.~~

The bill would require the office to grant the permit upon payment of a fee in an unspecified amount. The bill would define “nonconforming commercial lodging use” as offering any portion of land or premises, designated for residential use pursuant to a local agency’s general plan for occupancy, for tourist or transient use for compensation to the offeror of the land or premises.

(2)

(1) Under existing law, there are programs providing assistance for, among other things, emergency housing, multifamily housing, farmworker housing, home ownership for very low and low-income households, and downpayment assistance for first-time home buyers. Existing law also authorizes the issuance of bonds in specified amounts pursuant to the State General Obligation Bond Law and requires that proceeds from the sale of these bonds be used to finance various existing housing programs, capital outlay related to infill development, brownfield cleanup that promotes infill development, and housing-related parks.

This bill would enact the Affordable Housing Bond Act of 2016, which, if adopted, would authorize the issuance of bonds in the amount of \$3,000,000,000 pursuant to the State General Obligation Bond Law. Proceeds from the sale of these bonds would be used to finance various existing housing programs, as well as infill infrastructure financing and affordable housing matching grant programs, as provided.

The bill would provide for submission of the bond act to the voters at the November 8, 2016, statewide general election in accordance with specified law.

(3)

(2) This bill would declare that it is to take effect immediately as an urgency statute.

Vote:  $\frac{2}{3}$ . 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 65589.9 is added to the Government~~  
2     ~~Code, to read:~~  
3     ~~65589.9. (a) As used in this section, “nonconforming~~  
4     ~~commercial lodging use” means offering any portion of land or~~  
5     ~~premises, designated for residential use pursuant to a local agency’s~~

1 ~~general plan, for occupancy for tourist or transient use for~~  
2 ~~compensation to the offeror of the land or premises.~~

3 ~~(b) In addition to obtaining any other permit required by law~~  
4 ~~from any local government or from any state, regional, or local~~  
5 ~~agency, a person wishing to develop or use his or her property for~~  
6 ~~a nonconforming commercial lodging use shall apply for and obtain~~  
7 ~~a nonconforming commercial lodging use permit from the Office~~  
8 ~~of Planning and Research, which shall grant the permit upon~~  
9 ~~payment of the fee established in subdivision (c).~~

10 ~~(c) An applicant for a nonconforming commercial lodging use~~  
11 ~~permit shall pay a fee in the amount of \_\_\_ dollars (\$\_\_\_). Fees~~  
12 ~~collected pursuant to this section shall be deposited in the General~~  
13 ~~Fund.~~

14 ~~SEC. 2.~~

15 ~~SECTION 1.~~ Part 14 (commencing with Section 53570) is  
16 added to Division 31 of the Health and Safety Code, to read:

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18 PART 14. AFFORDABLE HOUSING BOND ACT OF 2016

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20 CHAPTER 1. GENERAL PROVISIONS

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22 53570. This part shall be known, and may be cited as, the  
23 Affordable Housing Bond Act of 2016.

24 53571. As used in this part, the following terms have the  
25 following meanings:

26 (a) "Board" means the Department of Housing and Community  
27 Development for programs administered by the department, and  
28 the California Housing Finance Agency for programs administered  
29 by the agency.

30 (b) "Committee" means the Housing Finance Committee created  
31 pursuant to Section 53524 and continued in existence pursuant to  
32 Sections 53548 and 53582.

33 (c) "Fund" means the Affordable Housing Bond Act Trust Fund  
34 of 2016 created pursuant to Section 53575.

35 53572. This part shall only become operative upon adoption  
36 by the voters at the November 8, 2016, statewide general election.

CHAPTER 2. AFFORDABLE HOUSING BOND ACT TRUST FUND  
OF 2016 AND PROGRAM

53575. The Affordable Housing Bond Act Trust Fund of 2016 is hereby created within the State Treasury. It is the intent of the Legislature that the proceeds of bonds deposited in the fund shall be used to fund the housing-related programs described in this chapter. The proceeds of bonds issued and sold pursuant to this part for the purposes specified in this chapter shall be allocated in the following manner:

(a) One billion five hundred million dollars (\$1,500,000,000) to be deposited in the Multifamily Housing Account, which is hereby created in the fund. Notwithstanding Section 13340 of the Government Code, the moneys in the account are continuously appropriated for the Multifamily Housing Program authorized by Chapter 6.7 (commencing with Section 50675) of Part 2, to be expended to assist in the new construction, rehabilitation, and preservation of permanent and transitional rental housing for persons with incomes of up to 60 percent of the area median income (AMI).

(b) Six hundred million dollars (\$600,000,000) to be deposited in the Transit-Oriented Development and Infill Infrastructure Account, which is hereby created within the fund. The moneys in the account shall be used for the following purposes:

(1) Three hundred million dollars (\$300,000,000) to be transferred to the Transit-Oriented Development Implementation Fund, established pursuant to Section 53561, for expenditure, upon appropriation by the Legislature, pursuant to the Transit-Oriented Development Implementation Program authorized by Part 13 (commencing with Section ~~50560~~; 53560).

(2) Three hundred million dollars (\$300,000,000) to be deposited in the Infill Infrastructure Financing Account, which is hereby created within the fund. Moneys in the account shall be available, upon appropriation by the Legislature and subject to any other conditions and criteria that the Legislature provides for by statute, for infill incentive grants to assist in the new construction and rehabilitation of infrastructure that supports high-density affordable and mixed-income housing in locations designated as infill.

(c) Six hundred million dollars (\$600,000,000) to be deposited in the Special Populations Housing Account, which is hereby

1 created within the fund. The moneys in the account shall be used  
2 for the following purposes:

3 (1) Three hundred million dollars (\$300,000,000) which,  
4 notwithstanding Section 13340 of the Government Code, shall be  
5 continuously appropriated for transfer to the Joe Serna, Jr.  
6 Farmworker Housing Grant Fund, established pursuant to Section  
7 50517.5.

8 (2) Three hundred million dollars (\$300,000,000) to be deposited  
9 in the Local Housing Trust Matching Grant Program Account,  
10 which is hereby created within the fund. Moneys in the account  
11 shall be available, upon appropriation by the Legislature and  
12 subject to any other conditions and criteria that the Legislature  
13 provides for by statute, to provide matching grants to local public  
14 agencies and nonprofit organizations that raise money for  
15 affordable housing.

16 (d) Three hundred million dollars (\$300,000,000) to be deposited  
17 in the Home Ownership Development Account, which is hereby  
18 created within the fund. Notwithstanding Section 13340 of the  
19 Government Code, the moneys in the account shall be continuously  
20 appropriated for the CalHome Program authorized by Chapter 6  
21 (commencing with Section 50650) of Part 2, to provide direct,  
22 forgivable loans to assist development projects involving multiple  
23 home ownership units, including single-family subdivisions, for  
24 self-help mortgage assistance programs, and for manufactured  
25 homes.

26 53576. The Legislature may, from time to time, amend any  
27 law related to programs to which funds are, or have been, allocated  
28 pursuant to this chapter for the purposes of improving the efficiency  
29 and effectiveness of those programs or to further the goals of those  
30 programs.

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32 CHAPTER 3. FISCAL PROVISIONS

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34 53580. Bonds in the total amount of three billion dollars  
35 (\$3,000,000,000), exclusive of refunding bonds, or so much thereof  
36 as is necessary, are hereby authorized to be issued and sold for  
37 carrying out the purposes expressed in this part and to reimburse  
38 the General Obligation Bond Expense Revolving Fund pursuant  
39 to Section 16724.5 of the Government Code. All bonds herein  
40 authorized which have been duly sold and delivered as provided

1 herein shall constitute valid and legally binding general obligations  
2 of the state, and the full faith and credit of the state is hereby  
3 pledged for the punctual payment of both principal and interest of  
4 those bonds.

5 53581. The bonds authorized by this part shall be prepared,  
6 executed, issued, sold, paid, and redeemed as provided in the State  
7 General Obligation Bond Law (Chapter 4 (commencing with  
8 Section 16720) of Part 3 of Division 4 of Title 2 of the Government  
9 Code), except subdivision (a) of Section 16727 to the extent that  
10 it is inconsistent with this part, and all of the other provisions of  
11 that law as amended from time to time which apply to the bonds  
12 and to this part and are hereby incorporated in this part as though  
13 set forth in full in this part.

14 53582. (a) Solely for the purpose of authorizing the issuance  
15 and sale, pursuant to the State General Obligation Bond Law, of  
16 the bonds authorized by this part, the committee is continued in  
17 existence. For the purposes of this part, the Housing Finance  
18 Committee is “the committee” as that term is used in the State  
19 General Obligation Bond Law.

20 (b) The committee may adopt guidelines establishing  
21 requirements for administration of its financing programs to the  
22 extent necessary to protect the validity of, and tax exemption for,  
23 interest on the bonds. The guidelines shall not constitute rules,  
24 regulations, orders, or standards of general application and are not  
25 subject to Chapter 3.5 (commencing with Section 11340) of Part  
26 1 of Division 3 of Title 2 of the Government Code.

27 (c) For the purposes of the State General Obligation Bond Law,  
28 the Department of Housing and Community Development is  
29 designated the “board” for programs administered by the  
30 department, and the California Housing Finance Agency is the  
31 “board” for programs administered by the agency.

32 53583. Upon request of the board stating that funds are needed  
33 for purposes of this part, the committee shall determine whether  
34 or not it is necessary or desirable to issue bonds authorized pursuant  
35 to this part in order to carry out the actions specified in Section  
36 53575, and, if so, the amount of bonds to be issued and sold.  
37 Successive issues of bonds may be authorized and sold to carry  
38 out those actions progressively, and are not required to be sold at  
39 any one time. Bonds may bear interest subject to federal income  
40 tax.

1 53584. There shall be collected annually, in the same manner  
2 and at the same time as other state revenue is collected, a sum of  
3 money in addition to the ordinary revenues of the state, sufficient  
4 to pay the principal of, and interest on, the bonds as provided  
5 herein, and all officers required by law to perform any duty in  
6 regard to the collections of state revenues shall collect that  
7 additional sum.

8 53585. Notwithstanding Section 13340 of the Government  
9 Code, there is hereby appropriated from the General Fund in the  
10 State Treasury, for the purposes of this part, an amount that will  
11 equal the total of *both of* the following:

12 (a) The sum annually necessary to pay the principal of, and  
13 interest on, bonds issued and sold pursuant to this part, as the  
14 principal and interest become due and payable.

15 (b) The sum which is necessary to carry out Section 53587,  
16 appropriated without regard to fiscal years.

17 53586. The board may request the Pooled Money Investment  
18 Board to make a loan from the Pooled Money Investment Account,  
19 in accordance with Section 16312 of the Government Code, for  
20 purposes of this part. The amount of the request shall not exceed  
21 the amount of the unsold bonds which the committee has, by  
22 resolution, authorized to be sold for purposes of this part, less any  
23 amount withdrawn pursuant to Section 53587. The board shall  
24 execute any documents as required by the Pooled Money  
25 Investment Board to obtain and repay the loan. Any amount loaned  
26 shall be deposited in the fund to be allocated in accordance with  
27 this part.

28 53587. For purposes of carrying out this part, the Director of  
29 Finance may, by executive order, authorize the withdrawal from  
30 the General Fund of any amount or amounts not to exceed the  
31 amount of the unsold bonds which the committee has, by  
32 resolution, authorized to be sold. Any amounts withdrawn shall  
33 be deposited in the fund. Any moneys made available under this  
34 section shall be returned to the General Fund, plus the interest that  
35 the amounts would have earned in the Pooled Money Investment  
36 Account, from moneys received from the sale of bonds which  
37 would otherwise be deposited in that fund.

38 53588. The bonds may be refunded in accordance with Article  
39 6 (commencing with Section 16780) of Chapter 4 of Part 3 of  
40 Division 4 of Title 2 of the Government Code. Approval by the

1 electors of this act shall constitute approval of any refunding bonds  
2 issued pursuant to the State General Obligation Bond Law.

3 53589. Notwithstanding any provisions in the State General  
4 Obligation Bond Law, the maximum maturity of any bonds  
5 authorized by this part shall not exceed 30 years from the date of  
6 each respective series. The maturity of each series shall be  
7 calculated from the date of each series.

8 53590. The Legislature hereby finds and declares that,  
9 inasmuch as the proceeds from the sale of bonds authorized by  
10 this part are not “proceeds of taxes” as that term is used in Article  
11 XIII B of the California Constitution, the disbursement of these  
12 proceeds is not subject to the limitations imposed by that article.

13 53591. Notwithstanding any provision of the State General  
14 Obligation Bond Law with regard to the proceeds from the sale of  
15 bonds authorized by this part that are subject to investment under  
16 Article 4 (commencing with Section 16470) of Chapter 3 of Part  
17 2 of Division 4 of Title 2 of the Government Code, the Treasurer  
18 may maintain a separate account for investment earnings, may  
19 order the payment of those earnings to comply with any rebate  
20 requirement applicable under federal law, and may otherwise direct  
21 the use and investment of those proceeds so as to maintain the  
22 tax-exempt status of those bonds and to obtain any other advantage  
23 under federal law on behalf of the funds of this state.

24 53592. All moneys derived from premiums and accrued interest  
25 on bonds sold pursuant to this chapter shall be transferred to the  
26 General Fund as a credit to expenditures for bond interest.

27 ~~SEC. 3.~~

28 ~~SEC. 2.~~ Section ~~2~~ 1 of this act shall become operative upon  
29 the adoption by the voters of the Affordable Housing Bond Act of  
30 2016.

31 ~~SEC. 4.~~

32 ~~SEC. 3.~~ Section ~~2~~ 1 of this act shall be submitted by the  
33 Secretary of State to the voters at the November 8, 2016, statewide  
34 general election, notwithstanding the requirements of Sections  
35 9040, 9043, 9044, and 9061 of the Elections Code or any other  
36 law.

37 ~~SEC. 5.~~

38 ~~SEC. 4.~~ This act is an urgency statute necessary for the  
39 immediate preservation of the public peace, health, or safety within



1 the meaning of Article IV of the Constitution and shall go into  
2 immediate effect. The facts constituting the necessity are:  
3 In order to ensure that the general obligation bond measure  
4 proposed by Section 2 of this act is submitted to the voters for the  
5 November 8, 2016, statewide general election, it is necessary that  
6 this act take effect immediately.

O