

AMENDED IN SENATE MAY 5, 2016
AMENDED IN SENATE APRIL 28, 2016
AMENDED IN SENATE MARCH 30, 2016

SENATE BILL

No. 879

Introduced by Senator Beall

January 15, 2016

An act 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)–

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.

~~(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. The Legislature finds and declares all of the*
2 *following:*
3 *(a) California is experiencing an extreme housing shortage with*
4 *2.2 million extremely low-income and very low-income renter*
5 *households competing for only 664,000 affordable rental homes.*
6 *This leaves more than 1.54 million of California's lowest income*
7 *households without access to affordable housing.*
8 *(b) While homelessness across the United States is in an overall*
9 *decline, homelessness in California is rising. In 2015, California*
10 *had 115,738 homeless people, which accounted for 21% of the*
11 *nation's homeless population. This is an increase of 1.6% from*
12 *the prior year. California also had the highest rate of unsheltered*
13 *people, at 64% or 73,699 people; the largest numbers of*
14 *unaccompanied homeless children and youth, at 10,416 people or*
15 *28% of the national total; the largest number of veterans*
16 *experiencing homelessness, at 11,311 or 24% of the national*
17 *homeless veteran population; and the second largest number of*
18 *people in families with chronic patterns of homelessness, at 22,582*
19 *or 11% of the state's homeless family population.*
20 *(c) California is home to 21 of the 30 most expensive rental*
21 *housing markets in the country, which has had a disproportionate*
22 *impact on the middle class and the working poor. California*
23 *requires the third highest wage in the country to afford housing,*
24 *behind Hawaii and Washington D.C. The fair market rent, which*
25 *indicates the amount of money that a given property would require*

1 *if it were open for leasing, for a two-bedroom apartment is \$1,386.*
2 *To afford this level of rent and utilities, without paying more than*
3 *30% of income on housing, a household must earn an hourly*
4 *“housing wage” of \$26.65 per hour. This means that a person*
5 *earning minimum wage must work an average of 3 jobs to pay the*
6 *rent for a two-bedroom unit. In some areas of the state, these*
7 *numbers are even higher.*

8 *(d) Low-income families are forced to spend more and more of*
9 *their income on rent, which leaves little else for other basic*
10 *necessities. Many renters must postpone or forego homeownership,*
11 *live in more crowded housing, commute further to work, or, in*
12 *some cases, choose to live and work elsewhere.*

13 *(e) California has seen a significant reduction of state funding*
14 *in recent years. The funds from Proposition 46 of 2002 and*
15 *Proposition 1C of 2006, totaling nearly \$5 billion for a variety of*
16 *affordable housing programs, have been expended. Combined with*
17 *the loss of redevelopment funds, \$1.5 billion of annual state*
18 *investment dedicated to housing has been lost, leaving several*
19 *critical housing programs unfunded.*

20 *(f) High housing costs and the shortage of housing stock in*
21 *California directly affect the future health of California’s economy*
22 *and, given the staggering numbers indicated above, bold action*
23 *is necessary. Investment in existing and successful housing*
24 *programs to expand the state’s housing stock should benefit*
25 *California’s homeless and low-income earners, as well as some*
26 *of the state’s most vulnerable populations, including foster and*
27 *at-risk youth, persons with developmental and physical disabilities,*
28 *farm workers, the elderly, single parents with children, and*
29 *survivors of domestic violence. Investments should also be made*
30 *in housing for Medi-Cal recipients served through a county’s*
31 *Section 1115 Waiver Whole Person Care Pilot program and family*
32 *day care providers.*

33 *(g) Investment in housing creates jobs and provides local*
34 *benefits. The estimated one-year impacts of building 100 rental*
35 *apartments in a typical local area include \$11.7 million in local*
36 *income, \$2.2 million in taxes and other revenue for local*
37 *governments, and 161 local jobs or 1.62 jobs per apartment. The*
38 *additional annually recurring impacts of building 100 rental*
39 *apartments in a typical local area include \$2.6 million in local*

1 *income, \$503,000 in taxes and other revenue for local governments,*
2 *and 44 local jobs or .44 jobs per apartment.*

3 **SECTION 1.**

4 *SEC. 2.* Part 14 (commencing with Section 53570) is added to
5 Division 31 of the Health and Safety Code, to read:

6
7 **PART 14. AFFORDABLE HOUSING BOND ACT OF 2016**

8
9 **CHAPTER 1. GENERAL PROVISIONS**

10
11 53570. This part shall be known, and may be ~~cited as~~, *cited,*
12 *as the Affordable Housing Bond Act of 2016.*

13 53571. As used in this part, the following terms have the
14 following meanings:

15 (a) “Board” means the Department of Housing and Community
16 Development for programs administered by the department, and
17 the California Housing Finance Agency for programs administered
18 by the agency.

19 (b) “Committee” means the Housing Finance Committee created
20 pursuant to Section 53524 and continued in existence pursuant to
21 Sections 53548 and 53582.

22 (c) “Fund” means the Affordable Housing Bond Act Trust Fund
23 of 2016 created pursuant to Section 53575.

24 53572. This part shall only become operative upon adoption
25 by the voters at the November 8, 2016, statewide general election.

26
27 **CHAPTER 2. AFFORDABLE HOUSING BOND ACT TRUST FUND**
28 **OF 2016 AND PROGRAM**

29
30 53575. The Affordable Housing Bond Act Trust Fund of 2016
31 is hereby created within the State Treasury. It is the intent of the
32 Legislature that the proceeds of bonds deposited in the fund shall
33 be used to fund the housing-related programs described in this
34 chapter. The proceeds of bonds issued and sold pursuant to this
35 part for the purposes specified in this chapter shall be allocated in
36 the following manner:

37 (a) One billion five hundred million dollars (\$1,500,000,000)
38 to be deposited in the Multifamily Housing Account, which is
39 hereby created in the fund. Notwithstanding Section 13340 of the
40 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 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 created within the fund. The moneys in the account shall be used for the following purposes:

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

(2) Three hundred million dollars (\$300,000,000) to be deposited in the Local Housing Trust Matching Grant Program 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, to provide matching grants to local public

1 agencies and nonprofit organizations that raise money for
2 affordable housing.

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

13 53576. The Legislature may, from time to time, amend any
14 law related to programs to which funds are, or have been, allocated
15 pursuant to this chapter for the purposes of improving the efficiency
16 and effectiveness of those programs or to further the goals of those
17 programs.

18
19 CHAPTER 3. FISCAL PROVISIONS
20

21 53580. Bonds in the total amount of three billion dollars
22 (\$3,000,000,000), exclusive of refunding bonds, or so much thereof
23 as is necessary, are hereby authorized to be issued and sold for
24 carrying out the purposes expressed in this part and to reimburse
25 the General Obligation Bond Expense Revolving Fund pursuant
26 to Section 16724.5 of the Government Code. All bonds herein
27 authorized which have been duly sold and delivered as provided
28 herein shall constitute valid and legally binding general obligations
29 of the state, and the full faith and credit of the state is hereby
30 pledged for the punctual payment of both principal and interest of
31 those bonds.

32 53581. The bonds authorized by this part shall be prepared,
33 executed, issued, sold, paid, and redeemed as provided in the State
34 General Obligation Bond Law (Chapter 4 (commencing with
35 Section 16720) of Part 3 of Division 4 of Title 2 of the Government
36 Code), except subdivision (a) of Section 16727 to the extent that
37 it is inconsistent with this part, and all of the other provisions of
38 that law as amended from time to time which apply to the bonds
39 and to this part and are hereby incorporated in this part as though
40 set forth in full in this part.

1 53582. (a) Solely for the purpose of authorizing the issuance
2 and sale, pursuant to the State General Obligation Bond Law, of
3 the bonds authorized by this part, the committee is continued in
4 existence. For the purposes of this part, the Housing Finance
5 Committee is “the committee” as that term is used in the State
6 General Obligation Bond Law.

7 (b) The committee may adopt guidelines establishing
8 requirements for administration of its financing programs to the
9 extent necessary to protect the validity of, and tax exemption for,
10 interest on the bonds. The guidelines shall not constitute rules,
11 regulations, orders, or standards of general application and are not
12 subject to Chapter 3.5 (commencing with Section 11340) of Part
13 1 of Division 3 of Title 2 of the Government Code.

14 (c) For the purposes of the State General Obligation Bond Law,
15 the Department of Housing and Community Development is
16 designated the “board” for programs administered by the
17 department, and the California Housing Finance Agency is the
18 “board” for programs administered by the agency.

19 53583. Upon request of the board stating that funds are needed
20 for purposes of this part, the committee shall determine whether
21 or not it is necessary or desirable to issue bonds authorized pursuant
22 to this part in order to carry out the actions specified in Section
23 53575, and, if so, the amount of bonds to be issued and sold.
24 Successive issues of bonds may be authorized and sold to carry
25 out those actions progressively, and are not required to be sold at
26 any one time. Bonds may bear interest subject to federal income
27 tax.

28 53584. There shall be collected annually, in the same manner
29 and at the same time as other state revenue is collected, a sum of
30 money in addition to the ordinary revenues of the state, sufficient
31 to pay the principal of, and interest on, the bonds as provided
32 herein, and all officers required by law to perform any duty in
33 regard to the collections of state revenues shall collect that
34 additional sum.

35 53585. Notwithstanding Section 13340 of the Government
36 Code, there is hereby appropriated from the General Fund in the
37 State Treasury, for the purposes of this part, an amount that will
38 equal the total of both of the following:

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

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

6 53586. The board may request the Pooled Money Investment
7 Board to make a loan from the Pooled Money Investment Account,
8 in accordance with Section 16312 of the Government Code, for
9 purposes of this part. The amount of the request shall not exceed
10 the amount of the unsold bonds which the committee has, by
11 resolution, authorized to be sold for purposes of this part, less any
12 amount withdrawn pursuant to Section 53587. The board shall
13 execute any documents as required by the Pooled Money
14 Investment Board to obtain and repay the loan. Any amount loaned
15 shall be deposited in the fund to be allocated in accordance with
16 this part.

17 53587. For purposes of carrying out this part, the Director of
18 Finance may, by executive order, authorize the withdrawal from
19 the General Fund of any amount or amounts not to exceed the
20 amount of the unsold bonds which the committee has, by
21 resolution, authorized to be sold. Any amounts withdrawn shall
22 be deposited in the fund. Any moneys made available under this
23 section shall be returned to the General Fund, plus the interest that
24 the amounts would have earned in the Pooled Money Investment
25 Account, from moneys received from the sale of bonds which
26 would otherwise be deposited in that fund.

27 53588. The bonds may be refunded in accordance with Article
28 6 (commencing with Section 16780) of Chapter 4 of Part 3 of
29 Division 4 of Title 2 of the Government Code. Approval by the
30 electors of this act shall constitute approval of any refunding bonds
31 issued pursuant to the State General Obligation Bond Law.

32 53589. Notwithstanding any provisions in the State General
33 Obligation Bond Law, the maximum maturity of any bonds
34 authorized by this part shall not exceed 30 years from the date of
35 each respective series. The maturity of each series shall be
36 calculated from the date of each series.

37 53590. The Legislature hereby finds and declares that,
38 inasmuch as the proceeds from the sale of bonds authorized by
39 this part are not “proceeds of taxes” as that term is used in Article

1 XIII B of the California Constitution, the disbursement of these
2 proceeds is not subject to the limitations imposed by that article.

3 53591. Notwithstanding any provision of the State General
4 Obligation Bond Law with regard to the proceeds from the sale of
5 bonds authorized by this part that are subject to investment under
6 Article 4 (commencing with Section 16470) of Chapter 3 of Part
7 2 of Division 4 of Title 2 of the Government Code, the Treasurer
8 may maintain a separate account for investment earnings, may
9 order the payment of those earnings to comply with any rebate
10 requirement applicable under federal law, and may otherwise direct
11 the use and investment of those proceeds so as to maintain the
12 tax-exempt status of those bonds and to obtain any other advantage
13 under federal law on behalf of the funds of this state.

14 53592. All moneys derived from premiums and accrued interest
15 on bonds sold pursuant to this chapter shall be transferred to the
16 General Fund as a credit to expenditures for bond interest.

17 ~~SEC. 2.~~

18 ~~SEC. 3.~~ Section ~~4~~ 2 of this act shall become operative upon
19 the adoption by the voters of the Affordable Housing Bond Act of
20 2016.

21 ~~SEC. 3.~~

22 ~~SEC. 4.~~ Section ~~4~~ 2 of this act shall be submitted by the
23 Secretary of State to the voters at the November 8, 2016, statewide
24 general election, notwithstanding the requirements of Sections
25 9040, 9043, 9044, and 9061 of the Elections Code or any other
26 law.

27 ~~SEC. 4.~~

28 ~~SEC. 5.~~ This act is an urgency statute necessary for the
29 immediate preservation of the public peace, health, or safety within
30 the meaning of Article IV of the Constitution and shall go into
31 immediate effect. The facts constituting the necessity are:

32 In order to ensure that the general obligation bond measure
33 proposed by Section 2 of this act is submitted to the voters for the
34 November 8, 2016, statewide general election, it is necessary that
35 this act take effect immediately.