

AMENDED IN ASSEMBLY JUNE 9, 2016

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**

*(Principal coauthor: Senator Glazer)*

*(Coauthors: Senators Allen, Cannella, Hill, Huff, and Monning)*

January 15, 2016

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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.

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.

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 percent of  
11 the nation's homeless population. This is an increase of 1.6 percent  
12 from the prior year. California also had the highest rate of  
13 unsheltered people, at 64 percent or 73,699 people; the largest  
14 numbers of unaccompanied homeless children and youth, at 10,416  
15 people or 28 percent of the national total; the largest number of  
16 veterans experiencing homelessness, at 11,311 or 24 percent of  
17 the national homeless veteran population; and the second largest  
18 number of people in families with chronic patterns of homelessness,  
19 at 22,582 or 11 percent 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

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

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

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

21 (f) High housing costs and the shortage of housing stock in  
22 California directly affect the future health of California’s economy  
23 and, given the staggering numbers indicated above, bold action is  
24 necessary. Investment in existing and successful housing programs  
25 to expand the state’s housing stock should benefit California’s  
26 homeless and low-income earners, as well as some of the state’s  
27 most vulnerable populations, including foster and at-risk youth,  
28 persons with developmental and physical disabilities, farmworkers,  
29 the elderly, single parents with children, and survivors of domestic  
30 violence. Investments should also be made in housing for Medi-Cal  
31 recipients served through a county’s Section 1115 Waiver Whole  
32 Person Care Pilot program and family 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 SEC. 2. Part 14 (commencing with Section 53570) is added to  
4 Division 31 of the Health and Safety Code, to read:

5  
6 PART 14. AFFORDABLE HOUSING BOND ACT OF 2016

7  
8 CHAPTER 1. GENERAL PROVISIONS

9  
10 53570. This part shall be known, and may be cited, as the  
11 Affordable Housing Bond Act of 2016.

12 53571. As used in this part, the following terms have the  
13 following meanings:

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

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

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

23 53572. This part shall only become operative upon adoption  
24 by the voters at the November 8, 2016, statewide general election.

25  
26 CHAPTER 2. AFFORDABLE HOUSING BOND ACT TRUST FUND  
27 OF 2016 AND PROGRAM

28  
29 53575. The Affordable Housing Bond Act Trust Fund of 2016  
30 is hereby created within the State Treasury. It is the intent of the  
31 Legislature that the proceeds of bonds deposited in the fund shall  
32 be used to fund the housing-related programs described in this  
33 chapter. The proceeds of bonds issued and sold pursuant to this  
34 part for the purposes specified in this chapter shall be allocated in  
35 the following manner:

36 (a) One billion five hundred million dollars (\$1,500,000,000)  
37 to be deposited in the Multifamily Housing Account, which is  
38 hereby created in the fund. Notwithstanding Section 13340 of the  
39 Government Code, the moneys in the account are continuously  
40 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 agencies and nonprofit organizations that raise money for affordable housing.

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

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

### CHAPTER 3. FISCAL PROVISIONS

53580. Bonds in the total amount of three billion dollars (\$3,000,000,000), exclusive of refunding ~~bonds~~; *bonds issued pursuant to Section 53588*, or so much thereof as is ~~necessary~~; *necessary as determined by the committee*, are hereby authorized to be issued and sold for carrying out the purposes expressed in this part and to reimburse the General Obligation Bond Expense Revolving Fund pursuant to Section 16724.5 of the Government Code. All bonds herein authorized which have been duly ~~sold~~ *issued, sold*, and delivered as provided herein shall constitute valid and ~~legally~~ binding general obligations of the state, and the full faith and credit of the state is hereby pledged for the punctual payment of both principal *of* and interest ~~of on those bonds~~; *bonds when due*.

53581. The bonds authorized by this part shall be prepared, executed, issued, sold, paid, and redeemed as provided in the State General Obligation Bond Law (Chapter 4 (commencing with Section 16720) of Part 3 of Division 4 of Title 2 of the Government Code), ~~except subdivision subdivisions (a) and (b) of Section 16727 of the Government Code~~ to the extent that ~~it is those provisions~~ *are inconsistent with this part*, and all of the ~~other~~ provisions of that law as amended from time to time ~~which~~ apply to the bonds and to this ~~part~~ *part*, except as provided in Section 53589, and are

hereby incorporated in this part as though set forth in full in this part.

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

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

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

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

53584. There shall be collected annually, in the same manner and at the same time as other state revenue is collected, a sum of money in addition to the ordinary revenues of the state, sufficient to pay the principal of, and interest on, the bonds ~~as provided herein, and each year. It is the duty of all officers required charged by law to perform with any duty in regard to the collections of state revenues shall to do or perform each and every act which is necessary to collect that additional sum.~~

53585. Notwithstanding Section 13340 of the Government Code, there is hereby appropriated from the General Fund in the

1 State Treasury, for the purposes of this part, an amount that will  
2 equal the total of both of the following:

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

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

8 53586. The board may request the Pooled Money Investment  
9 Board to make a loan from the Pooled Money Investment Account,  
10 in accordance with Section 16312 of the Government Code, for  
11 purposes of this part. The amount of the request shall not exceed  
12 the amount of the unsold bonds ~~which~~ *that* the committee has, by  
13 resolution, authorized to be ~~sold~~ *sold, excluding any refunding*  
14 *bonds authorized pursuant to Section 53588*, for purposes of this  
15 part, less any amount withdrawn pursuant to Section 53587. The  
16 board shall execute any documents as required by the Pooled  
17 Money Investment Board to obtain and repay the loan. Any amount  
18 loaned shall be deposited in the fund to be allocated in accordance  
19 with this part.

20 53587. For purposes of carrying out this part, the Director of  
21 Finance may, by executive order, authorize the withdrawal from  
22 the General Fund of any amount or amounts not to exceed the  
23 amount of the unsold bonds ~~which~~ *that* the committee has, by  
24 resolution, authorized to be ~~sold~~ *sold, excluding any refunding*  
25 *bonds authorized pursuant to Section 53588, for purposes of this*  
26 *part, less any amount withdrawn pursuant to Section 53586*. Any  
27 amounts withdrawn shall be deposited in the ~~fund~~ *fund to be*  
28 *allocated in accordance with this part*. Any moneys made available  
29 under this section shall be returned to the General Fund, plus the  
30 interest that the amounts would have earned in the Pooled Money  
31 Investment Account, from moneys received from the sale of bonds  
32 which would otherwise be deposited in that fund.

33 53588. The bonds may be refunded in accordance with Article  
34 6 (commencing with Section 16780) of Chapter 4 of Part 3 of  
35 Division 4 of Title 2 of the Government Code. Approval by the  
36 electors of this act shall constitute approval of any refunding bonds  
37 ~~issued pursuant to the State General Obligation Bond Law. to~~  
38 *refund bonds issued pursuant to this part, including any prior*  
39 *issued refunding bonds. Any bond refunded with the proceeds of*  
40 *a refunding bond as authorized by this section may be legally*



1 *defeased to the extent permitted by law in the manner and to the*  
 2 *extent set forth in the resolution, as amended from time to time,*  
 3 *authorizing that refunded bond.*

4 53589. Notwithstanding any provisions in the State General  
 5 Obligation Bond Law, the ~~maximum~~ maturity *date* of any bonds  
 6 authorized by this part shall not ~~exceed 30~~ *be later than 35* years  
 7 from the date of each ~~respective series~~. *such bond*. The maturity  
 8 of each series shall be calculated from the date of each series.

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

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

26 53592. All moneys derived from premiums and accrued interest  
 27 on bonds sold pursuant to this ~~chapter~~ *part* shall be transferred to  
 28 the General Fund as a credit to expenditures for bond ~~interest~~.  
 29 *interest; provided, however, that amounts derived from premiums*  
 30 *may be reserved and used to pay the costs of issuance of the related*  
 31 *bonds prior to transfer to the General Fund.*

32 SEC. 3. Section 2 of this act shall become operative upon the  
 33 adoption by the voters of the Affordable Housing Bond Act of  
 34 2016.

35 SEC. 4. Section 2 of this act shall be submitted by the Secretary  
 36 of State to the voters at the November 8, 2016, statewide general  
 37 election, notwithstanding the requirements of Sections 9040, 9043,  
 38 9044, and 9061 of the Elections Code or any other law.

39 SEC. 5. This act is an urgency statute necessary for the  
 40 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