

AMENDED IN ASSEMBLY JUNE 16, 2016

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

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

requires the third highest wage in the country to afford housing, behind Hawaii and Washington, D.C. The fair market rent, which indicates the amount of money that a given property would require if it were open for leasing, for a two-bedroom apartment is \$1,386. To afford this level of rent and utilities, without paying more than 30 percent of income on housing, a household must earn an hourly “housing wage” of \$26.65 per hour. This means that a person earning minimum wage must work an average of three jobs to pay the rent for a two-bedroom unit. In some areas of the state, these numbers are even higher.

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

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

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

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

1 apartments in a typical local area include \$2.6 million in local
2 income, \$503,000 in taxes and other revenue for local governments,
3 and 44 local jobs or .44 jobs per apartment.

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 the
12 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

1 appropriated for the Multifamily Housing Program authorized by
2 Chapter 6.7 (commencing with Section 50675) of Part 2, to be
3 expended to assist in the new construction, rehabilitation, and
4 preservation of permanent and transitional rental housing for
5 persons with incomes of up to 60 percent of the area median
6 income (AMI).

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

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

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

25 (c) Six hundred million dollars (\$600,000,000) to be deposited
26 in the Special Populations Housing Account, which is hereby
27 created within the fund. The moneys in the account shall be used
28 for the following purposes:

29 (1) Three hundred million dollars (\$300,000,000) which,
30 notwithstanding Section 13340 of the Government Code, shall be
31 continuously appropriated for transfer to the Joe Serna, Jr.
32 Farmworker Housing Grant Fund, established pursuant to Section
33 50517.5.

34 (2) Three hundred million dollars (\$300,000,000) to be deposited
35 in the Local Housing Trust Matching Grant Program Account,
36 which is hereby created within the fund. Moneys in the account
37 shall be available, upon appropriation by the Legislature and
38 subject to any other conditions and criteria that the Legislature
39 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. (a) The Legislature may, from time to time, amend
14 any law related to programs to which funds are, or have been,
15 allocated pursuant to this chapter for the purposes of improving
16 the efficiency and effectiveness of those programs or to further
17 the goals of those programs.

18 (b) *The Legislature may amend this chapter to reallocate the*
19 *proceeds of bonds issued and sold pursuant to this part among the*
20 *programs to which funds are to be allocated pursuant to this*
21 *chapter as necessary to effectively promote the development of*
22 *affordable housing in this state.*

23
24 CHAPTER 3. FISCAL PROVISIONS
25

26 53580. Bonds in the total amount of three billion dollars
27 (\$3,000,000,000), exclusive of refunding bonds issued pursuant
28 to Section 53588, or so much thereof as is necessary as determined
29 by the committee, are hereby authorized to be issued and sold for
30 carrying out the purposes expressed in this part and to reimburse
31 the General Obligation Bond Expense Revolving Fund pursuant
32 to Section 16724.5 of the Government Code. All bonds herein
33 authorized which have been duly issued, sold, and delivered as
34 provided herein shall constitute valid and binding general
35 obligations of the state, and the full faith and credit of the state is
36 hereby pledged for the punctual payment of both principal of and
37 interest on those bonds when due.

38 53581. The bonds authorized by this part shall be prepared,
39 executed, issued, sold, paid, and redeemed as provided in the State
40 General Obligation Bond Law (Chapter 4 (commencing with

1 Section 16720) of Part 3 of Division 4 of Title 2 of the Government
2 Code), except subdivisions (a) and (b) of Section 16727 of the
3 Government Code to the extent that those provisions are
4 inconsistent with this part, and all of the provisions of that law as
5 amended from time to time apply to the bonds and to this part,
6 except as provided in Section 53589, and are hereby incorporated
7 in this part as though set forth in full in this part.

8 53582. (a) Solely for the purpose of authorizing the issuance
9 and sale, pursuant to the State General Obligation Bond Law, of
10 the bonds authorized by this part, the committee is continued in
11 existence. For the purposes of this part, the Housing Finance
12 Committee is “the committee” as that term is used in the State
13 General Obligation Bond Law.

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

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

26 53583. Upon request of the board stating that funds are needed
27 for purposes of this part, the committee shall determine whether
28 or not it is necessary or desirable to issue bonds authorized pursuant
29 to this part in order to carry out the actions specified in Section
30 53575, and, if so, the amount of bonds to be issued and sold.
31 Successive issues of bonds may be authorized and sold to carry
32 out those actions progressively, and are not required to be sold at
33 any one time. Bonds may bear interest subject to federal income
34 tax.

35 53584. There shall be collected annually, in the same manner
36 and at the same time as other state revenue is collected, a sum of
37 money in addition to the ordinary revenues of the state, sufficient
38 to pay the principal of, and interest on, the bonds each year. It is
39 the duty of all officers charged by law with any duty in regard to

1 the collections of state revenues to do or perform each and every
2 act which is necessary to collect that additional sum.

3 53585. Notwithstanding Section 13340 of the Government
4 Code, there is hereby appropriated from the General Fund in the
5 State Treasury, for the purposes of this part, an amount that will
6 equal the total of both of the following:

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

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

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

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

37 53588. The bonds may be refunded in accordance with Article
38 6 (commencing with Section 16780) of Chapter 4 of Part 3 of
39 Division 4 of Title 2 of the Government Code. Approval by the
40 electors of this act shall constitute approval of any refunding bonds

1 issued to refund bonds issued pursuant to this part, including any
2 prior issued refunding bonds. Any bond refunded with the proceeds
3 of a refunding bond as authorized by this section may be legally
4 defeased to the extent permitted by law in the manner and to the
5 extent set forth in the resolution, as amended from time to time,
6 authorizing that refunded bond.

7 53589. Notwithstanding any provisions in the State General
8 Obligation Bond Law, the maturity date of any bonds authorized
9 by this part shall not be later than 35 years from the date of each
10 such bond. The maturity of each series shall be calculated from
11 the date of each series.

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

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

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

34 SEC. 3. Section 2 of this act shall become operative upon the
35 adoption by the voters of the Affordable Housing Bond Act of
36 2016.

37 SEC. 4. Section 2 of this act shall be submitted by the Secretary
38 of State to the voters at the November 8, 2016, statewide general
39 election, notwithstanding the requirements of Sections 9040, 9043,
40 9044, and 9061 of the Elections Code or any other law.

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

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