

AMENDED IN ASSEMBLY AUGUST 15, 2016

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**

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**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 16~~ (commencing with Section ~~53570~~) *54000*) 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~~. *2018*.

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~~, 2018, 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~~, 6, 2018, 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~~ *low income* and very ~~low-income~~
- 5 *low income* renter households competing for only 664,000
- 6 affordable rental homes. This leaves more than 1.54 million of
- 7 California’s lowest income households without access to affordable
- 8 housing.
- 9 (b) While homelessness across the United States is in an overall
- 10 decline, homelessness in California is rising. In 2015, California
- 11 had 115,738 homeless people, which accounted for 21 percent of
- 12 the nation’s homeless population. This is an increase of 1.6 percent
- 13 from the prior year. California also had the highest rate of
- 14 unsheltered people, at 64 percent or 73,699 people; the largest
- 15 numbers of unaccompanied homeless children and youth, at 10,416
- 16 people or 28 percent of the national total; the largest number of
- 17 veterans experiencing homelessness, at 11,311 or 24 percent of
- 18 the national homeless veteran population; and the second largest

1 number of people in families with chronic patterns of homelessness,  
2 at 22,582 or 11 percent of the state’s homeless family population.

3 (c) California is home to 21 of the 30 most expensive rental  
4 housing markets in the country, which has had a disproportionate  
5 impact on the middle class and the working poor. California  
6 requires the third highest wage in the country to afford housing,  
7 behind Hawaii and Washington, D.C. The fair market rent, which  
8 indicates the amount of money that a given property would require  
9 if it were open for leasing, for a two-bedroom apartment is \$1,386.  
10 To afford this level of rent and utilities, without paying more than  
11 30 percent of income on housing, a household must earn an hourly  
12 “housing wage” of \$26.65 per hour. This means that a person  
13 earning minimum wage must work an average of three jobs to pay  
14 the rent for a two-bedroom unit. In some areas of the state, these  
15 numbers are even higher.

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

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

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

1 (g) Investment in housing creates jobs and provides local  
 2 benefits. The estimated one-year impacts of building 100 rental  
 3 apartments in a typical local area include \$11.7 million in local  
 4 income, \$2.2 million in taxes and other revenue for local  
 5 governments, and 161 local jobs or 1.62 jobs per apartment. The  
 6 additional annually recurring impacts of building 100 rental  
 7 apartments in a typical local area include \$2.6 million in local  
 8 income, \$503,000 in taxes and other revenue for local governments,  
 9 and 44 local jobs or .44 jobs per apartment.

10 SEC. 2. Part ~~14 16~~ (commencing with Section ~~53570~~) *54000*)  
 11 is added to Division 31 of the Health and Safety Code, to read:

12  
 13 ~~PART 14. 16. AFFORDABLE HOUSING BOND ACT OF 2016~~  
 14 *2018*

15  
 16 CHAPTER 1. GENERAL PROVISIONS

17  
 18 ~~53570.~~

19 *54000.* This part shall be known, and may be cited, as the  
 20 Affordable Housing Bond Act of ~~2016~~. *2018*.

21 ~~53571.~~

22 *54002.* As used in this part, the following terms have the  
 23 following meanings:

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

28 (b) "Committee" means the Housing Finance Committee created  
 29 pursuant to Section 53524 and continued in existence pursuant to  
 30 Sections 53548 and ~~53582~~. *54014*.

31 (c) "Fund" means the Affordable Housing Bond Act Trust Fund  
 32 of ~~2016~~ *2018* created pursuant to Section ~~53575~~. *54006*.

33 ~~53572.~~

34 *54004.* This part shall only become operative upon adoption  
 35 by the voters at the November ~~8, 2016~~, *6, 2018*, statewide general  
 36 election.

1 CHAPTER 2. AFFORDABLE HOUSING BOND ACT TRUST FUND  
2 OF ~~2016~~ 2018 AND PROGRAM

3  
4 ~~53575.~~

5 54006. The Affordable Housing Bond Act Trust Fund of ~~2016~~  
6 2018 is hereby created within the State Treasury. It is the intent  
7 of the Legislature that the proceeds of bonds deposited in the fund  
8 shall be used to fund the housing-related programs described in  
9 this chapter. The proceeds of bonds issued and sold pursuant to  
10 this part for the purposes specified in this chapter shall be allocated  
11 in the following manner:

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

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

26 (1) Three hundred million dollars (\$300,000,000) to be  
27 ~~transferred to deposited into~~ the Transit-Oriented Development  
28 Implementation Fund, established pursuant to Section 53561, for  
29 expenditure, upon appropriation by the Legislature, pursuant to  
30 the Transit-Oriented Development Implementation Program  
31 authorized by Part 13 (commencing with Section ~~53560~~: 53560)  
32 *to provide local assistance to cities, counties, cities and counties,*  
33 *transit agencies, and developers for the purpose of developing or*  
34 *facilitating the development of higher density uses within close*  
35 *proximity to transit stations that will increase public transit*  
36 *ridership. These funds may also be expended for any authorized*  
37 *purpose of this program.*

38 (2) Three hundred million dollars (\$300,000,000) to be deposited  
39 in the Infill Infrastructure Financing Account, which is hereby  
40 created within the fund. Moneys in the account shall be available,

1 upon appropriation by the ~~Legislature~~ and subject to any other  
2 conditions and criteria that the Legislature provides for by statute,  
3 *Legislature*, for infill incentive grants to assist in the new  
4 construction and rehabilitation of infrastructure that supports  
5 high-density affordable and mixed-income housing in locations  
6 designated as ~~infill~~. *infill, including, but not limited to, any of the*  
7 *following:*

8 (A) *Park creation, development, or rehabilitation to encourage*  
9 *infill development.*

10 (B) *Water, sewer, or other public infrastructure costs associated*  
11 *with infill development.*

12 (C) *Transportation improvements related to infill development*  
13 *projects.*

14 (D) *Traffic mitigation.*

15 *These funds may also be expended for any authorized purpose*  
16 *of this program.*

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

21 (1) Three hundred million dollars (\$300,000,000) ~~which,~~  
22 ~~notwithstanding Section 13340 of the Government Code, shall be~~  
23 ~~continuously appropriated for transfer to be deposited in the Joe~~  
24 ~~Serna, Jr. Farmworker Housing Grant Fund, established pursuant~~  
25 ~~to Section 50517.5. 50517.5, for expenditure, upon appropriation~~  
26 ~~by the Legislature, to fund grants or loans, or both, for local public~~  
27 ~~entities, nonprofit corporations, limited liability companies, and~~  
28 ~~limited partnerships, for the construction or rehabilitation of~~  
29 ~~housing for agricultural employees and their families or for the~~  
30 ~~acquisition of manufactured housing as part of a program to~~  
31 ~~address and remedy the impacts of current and potential~~  
32 ~~displacement of farmworker families from existing labor camps,~~  
33 ~~mobilehome parks, or other housing. These funds may also be~~  
34 ~~expended for any authorized purpose of this program.~~

35 (2) Three hundred million dollars (\$300,000,000) to be deposited  
36 in the Local Housing Trust Matching Grant Program Account,  
37 which is hereby created within the fund. Moneys in the account  
38 shall be available, upon appropriation by the ~~Legislature~~ and  
39 subject to any other conditions and criteria that the Legislature  
40 provides for by statute, to provide matching grants to local public

1 ~~agencies and nonprofit organizations that raise money for~~  
 2 ~~affordable housing. Legislature, to fund competitive grants or~~  
 3 ~~loans to local housing trust funds that develop, own, lend, or invest~~  
 4 ~~in affordable housing and used to create pilot programs to~~  
 5 ~~demonstrate innovative, cost-saving approaches to creating or~~  
 6 ~~preserving affordable housing. Local housing trust funds shall be~~  
 7 ~~derived on an ongoing basis from private contribution or~~  
 8 ~~governmental sources that are not otherwise restricted in use for~~  
 9 ~~housing programs. These funds may also be expended for any~~  
 10 ~~authorized purpose of this program.~~

11 (d) Three hundred million dollars (\$300,000,000) to be deposited  
 12 in the Home Ownership Development Account, which is hereby  
 13 created within the fund. ~~Notwithstanding Section 13340 of the~~  
 14 ~~Government Code, the~~ The moneys in the account shall be  
 15 ~~continuously appropriated~~ *be, upon appropriation by the*  
 16 *Legislature, available for the CalHome Program authorized by*  
 17 *Chapter 6 (commencing with Section 50650) of Part 2, to provide*  
 18 *direct, forgivable loans to assist development projects involving*  
 19 *multiple home ownership units, including single-family*  
 20 *subdivisions, for self-help mortgage assistance programs, and for*  
 21 *manufactured homes. These funds may also be expended for any*  
 22 *authorized purpose of this program.*

23 ~~53576.~~

24 54008. (a) The Legislature may, from time to time, amend  
 25 any law related to programs to which funds are, or have been,  
 26 allocated pursuant to this chapter for the purposes of improving  
 27 the efficiency and effectiveness of those programs or to further  
 28 the goals of those programs.

29 (b) The Legislature may amend this chapter to reallocate the  
 30 proceeds of bonds issued and sold pursuant to this part among the  
 31 programs to which funds are to be allocated pursuant to this chapter  
 32 as necessary to effectively promote the development of affordable  
 33 housing in this state.

34

35 CHAPTER 3. FISCAL PROVISIONS

36

37 ~~53580.~~

38 54010. Bonds in the total amount of three billion dollars  
 39 (\$3,000,000,000), exclusive of refunding bonds issued pursuant  
 40 to ~~Section 53588, 54026,~~ or so much thereof as is necessary as

1 determined by the committee, are hereby authorized to be issued  
 2 and sold for carrying out the purposes expressed in this part and  
 3 to reimburse the General Obligation Bond Expense Revolving  
 4 Fund pursuant to Section 16724.5 of the Government Code. All  
 5 bonds herein authorized which have been duly issued, sold, and  
 6 delivered as provided herein shall constitute valid and binding  
 7 general obligations of the state, and the full faith and credit of the  
 8 state is hereby pledged for the punctual payment of both principal  
 9 of and interest on those bonds when due.

10 ~~53581.~~

11 *54012.* The bonds authorized by this part shall be prepared,  
 12 executed, issued, sold, paid, and redeemed as provided in the State  
 13 General Obligation Bond Law (Chapter 4 (commencing with  
 14 Section 16720) of Part 3 of Division 4 of Title 2 of the Government  
 15 Code), except subdivisions (a) and (b) of Section 16727 of the  
 16 Government Code to the extent that those provisions are  
 17 inconsistent with this part, and all of the provisions of that law as  
 18 amended from time to time apply to the bonds and to this part,  
 19 except as provided in Section ~~53589~~, *54028*, and are hereby  
 20 incorporated in this part as though set forth in full in this part.

21 ~~53582.~~

22 *54014.* (a) Solely for the purpose of authorizing the issuance  
 23 and sale, pursuant to the State General Obligation Bond Law, of  
 24 the bonds authorized by this part, the committee is continued in  
 25 existence. For the purposes of this part, the Housing Finance  
 26 Committee is “the committee” as that term is used in the State  
 27 General Obligation Bond Law.

28 (b) The committee may adopt guidelines establishing  
 29 requirements for administration of its financing programs to the  
 30 extent necessary to protect the validity of, and tax exemption for,  
 31 interest on the bonds. The guidelines shall not constitute rules,  
 32 regulations, orders, or standards of general application and are not  
 33 subject to Chapter 3.5 (commencing with Section 11340) of Part  
 34 1 of Division 3 of Title 2 of the Government Code.

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

1     ~~53583.~~

2     54016. Upon request of the board stating that funds are needed  
3 for purposes of this part, the committee shall determine whether  
4 or not it is necessary or desirable to issue bonds authorized pursuant  
5 to this part in order to carry out the actions specified in Section  
6 ~~53575~~, 54006, and, if so, the amount of bonds to be issued and  
7 sold. Successive issues of bonds may be authorized and sold to  
8 carry out those actions progressively, and are not required to be  
9 sold at any one time. Bonds may bear interest subject to federal  
10 income tax.

11     ~~53584.~~

12     54018. There shall be collected annually, in the same manner  
13 and at the same time as other state revenue is collected, a sum of  
14 money in addition to the ordinary revenues of the state, sufficient  
15 to pay the principal of, and interest on, the bonds each year. It is  
16 the duty of all officers charged by law with any duty in regard to  
17 the collections of state revenues to do or perform each and every  
18 act which is necessary to collect that additional sum.

19     ~~53585.~~

20     54020. Notwithstanding Section 13340 of the Government  
21 Code, there is hereby appropriated from the General Fund in the  
22 State Treasury, for the purposes of this part, an amount that will  
23 equal the total of both of the following:

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

27     (b) The sum which is necessary to carry out ~~Section 53587~~,  
28 54024, appropriated without regard to fiscal years.

29     ~~53586.~~

30     54022. The board may request the Pooled Money Investment  
31 Board to make a loan from the Pooled Money Investment Account,  
32 in accordance with Section 16312 of the Government Code, for  
33 purposes of this part. The amount of the request shall not exceed  
34 the amount of the unsold bonds that the committee has, by  
35 resolution, authorized to be sold, excluding any refunding bonds  
36 authorized pursuant to ~~Section 53588~~, 54026, for purposes of this  
37 part, less any amount withdrawn pursuant to ~~Section 53587~~. 54024.  
38 The board shall execute any documents as required by the Pooled  
39 Money Investment Board to obtain and repay the loan. Any amount

1 loaned shall be deposited in the fund to be allocated in accordance  
2 with this part.

3 ~~53587.~~

4 ~~54024.~~ For purposes of carrying out this part, the Director of  
5 Finance may, by executive order, authorize the withdrawal from  
6 the General Fund of any amount or amounts not to exceed the  
7 amount of the unsold bonds that the committee has, by resolution,  
8 authorized to be sold, excluding any refunding bonds authorized  
9 pursuant to Section ~~53588~~, ~~54026~~, for purposes of this part, less  
10 any amount withdrawn pursuant to Section ~~53586~~. ~~54022~~. Any  
11 amounts withdrawn shall be deposited in the fund to be allocated  
12 in accordance with this part. Any moneys made available under  
13 this section shall be returned to the General Fund, plus the interest  
14 that the amounts would have earned in the Pooled Money  
15 Investment Account, from moneys received from the sale of bonds  
16 which would otherwise be deposited in that fund.

17 ~~53588.~~

18 ~~54026.~~ The bonds may be refunded in accordance with Article  
19 6 (commencing with Section 16780) of Chapter 4 of Part 3 of  
20 Division 4 of Title 2 of the Government Code. Approval by the  
21 electors of this act shall constitute approval of any refunding bonds  
22 issued to refund bonds issued pursuant to this part, including any  
23 prior issued refunding bonds. Any bond refunded with the proceeds  
24 of a refunding bond as authorized by this section may be legally  
25 defeased to the extent permitted by law in the manner and to the  
26 extent set forth in the resolution, as amended from time to time,  
27 authorizing that refunded bond.

28 ~~53589.~~

29 ~~54028.~~ Notwithstanding any provisions in the State General  
30 Obligation Bond Law, the maturity date of any bonds authorized  
31 by this part shall not be later than 35 years from the date of each  
32 such bond. The maturity of each series shall be calculated from  
33 the date of each series.

34 ~~53590.~~

35 ~~54030.~~ The Legislature hereby finds and declares that,  
36 inasmuch as the proceeds from the sale of bonds authorized by  
37 this part are not “proceeds of taxes” as that term is used in Article  
38 XIII B of the California Constitution, the disbursement of these  
39 proceeds is not subject to the limitations imposed by that article.

1 ~~53591.~~

2 ~~54032.~~ Notwithstanding any provision of the State General  
3 Obligation Bond Law with regard to the proceeds from the sale of  
4 bonds authorized by this part that are subject to investment under  
5 Article 4 (commencing with Section 16470) of Chapter 3 of Part  
6 2 of Division 4 of Title 2 of the Government Code, the Treasurer  
7 may maintain a separate account for investment earnings, may  
8 order the payment of those earnings to comply with any rebate  
9 requirement applicable under federal law, and may otherwise direct  
10 the use and investment of those proceeds so as to maintain the  
11 tax-exempt status of tax-exempt bonds and to obtain any other  
12 advantage under federal law on behalf of the funds of this state.

13 ~~53592.~~

14 ~~54034.~~ All moneys derived from premiums and accrued interest  
15 on bonds sold pursuant to this part shall be transferred to the  
16 General Fund as a credit to expenditures for bond interest;  
17 provided, however, that amounts derived from premiums may be  
18 reserved and used to pay the costs of issuance of the related bonds  
19 prior to transfer to the General Fund.

20 SEC. 3. Section 2 of this act shall become operative upon the  
21 adoption by the voters of the Affordable Housing Bond Act of  
22 ~~2016.~~ *2018.*

23 SEC. 4. Section 2 of this act shall be submitted by the Secretary  
24 of State to the voters at the November ~~8, 2016,~~ *6, 2018*, statewide  
25 general election, ~~notwithstanding the requirements of Sections~~  
26 ~~9040, 9043, 9044, and 9061 of the Elections Code or any other~~  
27 ~~law.~~ *election.*

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,~~ *maximize the time*  
35 *available for the analysis and preparation of the bond act proposed*  
36 *by Section 2 of this act,* it is necessary that this act take effect  
37 immediately.

O