

AMENDED IN ASSEMBLY MAY 25, 2000

AMENDED IN SENATE JULY 12, 1999

AMENDED IN SENATE MARCH 24, 1999

SENATE BILL

No. 510

**Introduced by Senator Alarcon
(Principal coauthor: Senator Burton)**

February 18, 1999

~~An act to add Part 11 (commencing with Section 53500), Part 12 (commencing with Section 53540), Part 13 (commencing with Section 53600), and Part 14 (commencing with Section 53640), to Division 31 of the Health and Safety Code, relating to financing housing programs by providing the funds necessary therefor through the issuance and sale of bonds of the State of California and providing for the handling and disposition of those funds.—An act to amend Sections 50840, 50841, and 50842 of the Health and Safety Code, relating to housing, and making an appropriation therefor.~~

LEGISLATIVE COUNSEL'S DIGEST

SB 510, as amended, Alarcon. *California Housing:—bonds Trust Fund.*

Existing law creates the California Housing Trust Fund for deposit of certain bond proceeds and other revenues, and provides that the money in the fund is to be used for housing programs, as specified. Not less than 20% of the revenue deposited annually in the fund is required to be expended in rural areas.

This bill would continuously appropriate money in the fund to the Treasurer for investment in securities that are eligible for investment of surplus state moneys. It would provide that all interest or other increment resulting from investment may only be expended, upon appropriation, for housing programs that serve lower or very low income households, and not less than 10% of any interest or other increment appropriated in any given budget year shall be expended in rural areas. It would require any interest or other increment not appropriated for housing programs in the budget year succeeding its accrual to be deposited in the fund and to be no longer deemed interest or other increment for these purposes.

~~Under existing law, there are programs providing assistance to housing for the construction and rehabilitation of housing for first-time homebuyers, self-help housing, senior and disabled housing, rental housing, the family housing demonstration program, farmworker housing, and other housing programs.~~

~~This bill would enact the Housing Bond Acts of 2000, 2002, 2004, and 2006 which, if adopted by the voters, would authorize, for purposes of financing those existing housing programs, the issuance, pursuant to the State General Obligation Bond Law, of bonds in the aggregate amount of \$980,000,000.~~

~~The bill would provide for submission of each bond act to the voters at a specified statewide election.~~

~~The bill would declare that the above provisions shall not become operative and are for display purposes only, unless this provision is deleted or repealed.~~

~~Vote: majority. Appropriation: no-yes. Fiscal committee: no-yes. State-mandated local program: no.~~

The people of the State of California do enact as follows:

- 1 ~~SECTION 1. Part 11 (commencing with Section~~
- 2 ~~SECTION 1. Section 50840 of the Health and Safety~~
- 3 ~~Code is amended to read:~~
- 4 ~~50840. (a) The Legislature hereby finds and declares~~
- 5 ~~that current economic conditions, federal housing~~



1 ~~policies, and declining resources on the federal and state~~
2 ~~level adversely affect the ability of lower and very low~~
3 ~~income households to obtain adequate and affordable~~
4 ~~housing.~~

5 ~~The Legislature further finds that increasing rents~~
6 ~~result in hardships for those least able to afford housing.~~
7 ~~Approximately 1,600,000 lower income renters, which~~
8 ~~comprise over 18 percent of all households, pay more than~~
9 ~~25 percent of their income for housing and nearly~~
10 ~~1,100,000 pay more than 35 percent of their income for~~
11 ~~housing.~~

12 ~~The Legislature further finds that many elderly renters~~
13 ~~pay excessive amounts of their income for housing. Over~~
14 ~~65 percent of all elderly renter households pay more than~~
15 ~~25 percent of their income for housing and over~~
16 ~~one-quarter pay more than 50 percent of their income for~~
17 ~~housing.~~

18 ~~The Legislature further finds that over 650,000 persons,~~
19 ~~which is more than 7 percent of all households, live in~~
20 ~~overcrowded conditions which are threatening to their~~
21 ~~health and safety.~~

22 ~~The Legislature declares that it is in the public interest~~
23 ~~to establish a housing trust fund to assist lower and very~~
24 ~~low income households in meeting their housing needs.~~
25 ~~all of the following:~~

26 *(1) California is experiencing a severe housing*
27 *shortage that compounds itself further each year. While*
28 *it is estimated that 250,000 new homes are needed each*
29 *year to keep up with demand, only 140,000 building*
30 *permits for new residential housing were issued in 1999.*
31 *Moreover, the average number of residential building*
32 *permits issued over the last seven years is only 105,000*
33 *new units per year.*

34 *(2) The shortage in housing supply has led to*
35 *skyrocketing home sale and rental prices, which have*
36 *made housing unaffordable to many Californians. Seven*
37 *of the nation's 10 least affordable metropolitan areas for*
38 *housing are in California. More than 35 percent of renter*
39 *households experience an extreme housing cost burden,*



1 *which has been defined as paying more than 50 percent*
2 *of their income for housing.*

3 *(3) Long-term strategies are needed to address this*
4 *ongoing deficit in new home production and to meet the*
5 *state's housing needs.*

6 *(4) In addition to helping meet the immediate need*
7 *for housing, the state will always have a role to play in*
8 *assisting in the provision of housing for families unable to*
9 *afford market-rate rents.*

10 *(5) A permanent source of financing is needed to fulfill*
11 *this ongoing need for state housing assistance.*

12 *(6) A housing trust fund would provide a permanent*
13 *source of financing to be used solely to fund housing*
14 *programs that serve low- and very low income*
15 *households.*

16 *(b) It is the intent of the Legislature to ultimately*
17 *capitalize a Housing Trust Fund with at least one billion*
18 *dollars (\$1,000,000,000) to ensure that there are sufficient*
19 *ongoing resources to provide for the housing needs of*
20 *lower income households.*

21 *SEC. 2. Section 50841 of the Health and Safety Code*
22 *is amended to read:*

23 *50841. There is hereby created in the State Treasury*
24 *the California Housing Trust Fund*~~*which shall only be*~~
25 ~~*available for the exclusive trust purposes specified in*~~
26 ~~*Section 50842 upon appropriation by the Legislature.*~~
27 *Notwithstanding Section 13340 of the Government Code,*
28 *all money in the fund is continuously appropriated to the*
29 *Treasurer for the purposes of investment pursuant to*
30 *Section 16430 of the Government Code, except as*
31 ~~*provided in Section 50842. There shall be paid into the*~~
32 ~~*fund any fees, repayments, or reimbursements received*~~
33 ~~*by the department on account of a loan or grant made or*~~
34 ~~*to be made with moneys derived from the California*~~
35 ~~*Housing Trust Fund, unless the loan or grant was made*~~
36 ~~*from another fund or account and conflicting provisions*~~
37 ~~*of law require those moneys to be deposited into that*~~
38 ~~*other fund or account. The California Housing Trust*~~
39 ~~*Fund shall also consist of bond proceeds or any other*~~



1 ~~moneys which may be made available to the fund for the~~
2 ~~purposes of the fund from any other source or sources.~~

3 All interest or other increment resulting from
4 investment or deposit of moneys in the fund shall be
5 deposited in the fund, notwithstanding Section 16305.7 of
6 the Government Code. ~~Except as otherwise provided by~~
7 ~~this chapter, or unless specifically appropriated by the~~
8 ~~Legislature to other funds established pursuant to this~~
9 ~~division, moneys in the fund shall not be subject to~~
10 ~~transfer to any other fund pursuant to Part 2~~
11 ~~(commencing with Section 16300) of Division 4 of Title~~
12 ~~2 of the Government Code, except the Surplus Money~~
13 ~~Investment Fund.~~

14 ~~When utilizing moneys appropriated from the~~
15 ~~California Housing Trust Fund, the department shall give~~
16 ~~priority to projects that cannot be financed from bond~~
17 ~~proceeds, or that complement capital expenditures from~~
18 ~~bond proceeds.~~

19 *SEC. 3. Section 50842 of the Health and Safety Code*
20 *is amended to read:*

21 ~~50842. (a) Revenues deposited—All interest or other~~
22 ~~increment resulting from any investment of money in the~~
23 ~~California Housing Trust Fund may only be expended,~~
24 ~~upon appropriation by the Legislature, after allocation to~~
25 ~~the Treasurer of an amount not to exceed one-half of 1~~
26 ~~percent of any interest and other increment to cover the~~
27 ~~actual cost of administering those investments, for~~
28 ~~housing programs or those portions of housing programs~~
29 ~~authorized by law which that serve lower and very low~~
30 ~~income households, as defined in Sections 50079.5 and~~
31 ~~50105, respectively.~~

32 ~~Not~~
33 ~~(b) Not less than 20 10 percent of the revenues~~
34 ~~deposited annually in the fund any interest or other~~
35 ~~increment appropriated by the Legislature in any given~~
36 ~~budget year from the California Housing Trust Fund shall~~
37 ~~be expended in rural areas, as defined by Section 50101;~~
38 ~~and one-fourth of the funds committed to rural areas in~~
39 ~~fiscal years 1986–87 and 1987–88 shall be distributed to the~~



1 ~~Farm Labor Housing Rehabilitation Loan Account~~
2 ~~established by Section 50854.~~

3 *(c) Any interest or other increment not appropriated*
4 *by the Legislature for the purpose described in*
5 *subdivision (a) in the budget year succeeding its accrual*
6 *shall be deposited in the California Housing Trust Fund*
7 *and shall no longer be deemed interest or other*
8 *increment for the purposes of this section.*

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**All matter omitted in this version of the
bill appears in the bill as amended in the
Senate, July 12, 1999 (JR 11)**

