

AMENDED IN SENATE MAY 30, 2000  
AMENDED IN SENATE MARCH 22, 2000

**SENATE BILL**

**No. 1593**

---

---

**Introduced by Senator Alarcon**

February 18, 2000

---

---

An act to add Chapter 6 (commencing with Section 50650) to, *and to repeal Chapter 3.6 (commencing with Section 50533) of*, Part 2 of Division 31 of the Health and Safety Code, relating to housing.

LEGISLATIVE COUNSEL'S DIGEST

SB 1593, as amended, Alarcon. CalHome Program.

Existing law contains various programs relating to housing assistance, including the Senior Citizens' Shared Housing Program, the California Self-Help Housing Program, and specified federal programs.

This bill would establish the CalHome Program, to be administered by the Department of Housing and Community Development, to provide funds to local public agencies or nonprofit corporations as either grants for programs that assist individual households or loans that assist multi-unit development projects. *This bill would also repeal the Senior Citizens' Shared Housing Program and state the intent that the CalHome Program take the place of the Senior Citizens' Shared Housing Program.*

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

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

1 SECTION 1. *Chapter 3.6 (commencing with Section*  
2 *50533) of Part 2 of Division 31 of the Health and Safety*  
3 *Code is repealed.*

4 SEC. 2. Chapter 6 (commencing with Section 50650)  
5 is added to Part 2 of Division 31 of the Health and Safety  
6 Code, to read:

7  
8  
9

CHAPTER 6. ~~CALHOME~~ CALHOME PROGRAM

10 50650. The Legislature finds and declares as follows:

11 (a) An adequate supply of safe and affordable housing  
12 is the foundation for strong and sustainable communities.  
13 Owner occupied housing is a key housing resource,  
14 contributing to neighborhood stability as well as  
15 economic vitality.

16 (b) In California, homeownership is beyond the reach  
17 of a large segment of the population. There are also many  
18 homeowners who lack the resources to make necessary  
19 repairs to their homes, or who would welcome the  
20 opportunity to share them with suitable tenants.

21 (c) Reflecting California’s diversity, there is a variety  
22 of proven approaches to the promotion of  
23 homeownership within the state. The purpose of the  
24 CalHome Program established by this chapter is to  
25 support existing homeownership programs aimed at  
26 lower and very low income households and operated by  
27 private nonprofit and local government agencies, and  
28 thereby to increase homeownership, encourage  
29 neighborhood revitalization and sustainable  
30 development, and maximize use of existing homes.

31 (d) *The CalHome Program is intended to take the*  
32 *place of the Senior Citizens’ Shared Housing Program*  
33 *established by Chapter 3.6 (commencing with Section*  
34 *50533), which is repealed by the act enacting this chapter.*

35 50650.1. This chapter shall be known and may be cited  
36 as the CalHome Program.

37 50650.2. The department shall administer this  
38 chapter.



1 50650.3. (a) Funds appropriated for purposes of this  
2 chapter shall be used to enable low- and very low-income  
3 households to become or remain homeowners. Funds  
4 shall be provided by the department to local public  
5 agencies or nonprofit corporations as either ~~grants of the~~  
6 *following*:

7 (1) ~~Grants for programs that assist individual~~  
8 ~~households or loans that assist multi-unit development~~  
9 ~~projects. Grant funds may be used for technical assistance~~  
10 ~~for self-help and senior shared housing homeownership,~~  
11 ~~or to provide loans to individual households for first-time~~  
12 ~~homebuyer downpayment assistance, home~~  
13 ~~rehabilitation, or home acquisition and rehabilitation~~  
14 ~~programs. Loan funds may~~

15 (2) *Loans that assist development projects involving*  
16 *multiple homeownership units, including single-family*  
17 *subdivisions.*

18 (b) *Grant funds may be used for first-time homebuyer*  
19 *downpayment assistance, home rehabilitation,*  
20 *homebuyer counseling, home acquisition and*  
21 *rehabilitation, or self-help mortgage assistance programs,*  
22 *or for technical assistance for self-help and shared housing*  
23 *homeownership. Loan funds may be used for ~~land~~*  
24 *purchase of real property, site development,*  
25 *predevelopment, and construction period expenses*  
26 *incurred on homeownership development projects, and*  
27 *permanent financing for mutual housing or cooperative*  
28 *developments. Upon completion of construction, the*  
29 *department may convert project loans into grants for*  
30 *programs of assistance to individual homeowners.*  
31 *Financial assistance provided to individual households*  
32 *shall be in the form of deferred payment loans, repayable*  
33 *upon sale or transfer of the homes, when they cease to be*  
34 *owner-occupied, or upon the loan maturity date. All loan*  
35 *repayments shall be used for activities allowed under this*  
36 *section, and shall be governed by a reuse plan approved*  
37 *by the department. Those reuse plans may provide for*  
38 *loan servicing by the grant recipient or a third-party local*  
39 *government agency or nonprofit corporation.*



1 50650.4. To be eligible to receive a grant or loan, local  
2 public agencies or nonprofit corporations shall  
3 demonstrate sufficient organizational stability and  
4 capacity to carry out the activity for which they are  
5 requesting funds, including, where applicable, the  
6 capacity to manage a portfolio of individual loans over an  
7 extended time period. Capacity may be demonstrated by  
8 substantial successful experience performing similar  
9 activities, or through other means acceptable to the  
10 department. In allocating funds, the department shall  
11 utilize a competitive application process, using weighted  
12 evaluation criteria, including, but not limited to, (a) the  
13 extent that the program ~~and~~ or project utilizes volunteer  
14 or self-help labor, trains youth in construction skills, or  
15 involves community participation, and (b) *whether the*  
16 *program or project contributes toward community*  
17 *revitalization. To the extent feasible, the application*  
18 *process shall ensure a reasonable geographic distribution*  
19 *of funds.*

20 50650.5. For the purposes of this chapter, mutual  
21 housing and cooperative housing shall be deemed to be  
22 forms of homeownership. For these project types: (a)  
23 program funds shall be used for project development  
24 costs only; (b) the department shall enter into a  
25 regulatory agreement limiting occupant incomes,  
26 occupancy charges, and share purchase terms for 55  
27 years; and (c) notwithstanding Section 50650.3, program  
28 assistance shall be provided in the form of a deferred  
29 payment loan.

30 50650.6. The department may use up to 5 percent of  
31 the funds appropriated for the purposes of this chapter  
32 for its costs in administering the program.

33 50650.7. For appropriations of fifteen million dollars  
34 (\$15,000,000) or less, the department may administer the  
35 funds using guidelines that shall not be subject to the  
36 Administrative Procedure Act (Chapter 3.5  
37 (commencing with Section 11340) of Part 1 of Title 2 of  
38 the Government Code). If an appropriation exceeds that  
39 amount, the department may administer the funds using  
40 guidelines for 24 months, during which time those



1 guidelines shall not be subject to the Administrative  
2 Procedure Act. *The guidelines and any regulations*  
3 *governing the CalHome Program shall include, among*  
4 *other things, loan terms and limits, underwriting*  
5 *standards, home price limits, application procedures and*  
6 *selection criteria, loan and grant documentation*  
7 *requirements, and monitoring requirements.*

8 ~~50560.8. Not less than 20 percent of the funds granted~~  
9 ~~pursuant to this chapter shall be allocated to rural areas.~~  
10 ~~For purposes of this chapter, “rural area” shall have the~~  
11 ~~same meaning as in Section 50199.21.~~

