

AMENDED IN SENATE JULY 21, 2003

AMENDED IN SENATE JUNE 24, 2003

AMENDED IN ASSEMBLY APRIL 22, 2003

CALIFORNIA LEGISLATURE—2003–04 REGULAR SESSION

**ASSEMBLY BILL**

**No. 304**

**Introduced by Assembly Member Mullin**

February 6, 2003

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An act to amend ~~Section~~ *Sections 51505 and 53533* of the Health and Safety Code, relating to housing.

LEGISLATIVE COUNSEL'S DIGEST

AB 304, as amended, Mullin. Housing: downpayment assistance.

Under existing law, the California Housing Finance Agency administers a downpayment assistance program under which the amount of downpayment assistance may not exceed 3% of the home sales price. The Housing and Emergency Shelter Trust Fund Act of 2002, also allocates certain housing bond revenues for downpayment assistance *to teachers and school personnel under programs operated by the agency, with assistance limited to \$7,500 or 3% of the purchase price, and to low-income first-time homebuyers who, as documented to the agency by a nonprofit organization certified and funded to provide homeownership counseling, are purchasing a residence in a community revitalization area targeted by the nonprofit organization and have received homeownership counseling from the nonprofit organization.*

This bill would ~~limit~~, *authorize the agency, as specified, to establish higher assistance limits for that downpayment assistance to teachers*

and school personnel. The bill would limit, to specified neighborhoods identified by nonprofit organizations, the downpayment assistance under that act for low-income first-time homebuyers, homebuyers and would require 50% of the funds available for that purpose under the act to be available for downpayment assistance not to exceed 6% of the home sales price for a specified period. The bill would also make conforming changes.

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. Section 51505 of the Health and Safety Code is  
2 amended to read:  
3 51505. (a) In addition to the downpayment assistance  
4 program authorized by Section 51504, and notwithstanding any  
5 provision of Section 51504 to the contrary, the agency shall  
6 provide downpayment assistance from the funds set aside pursuant  
7 to subparagraph (D) of paragraph (7) of subdivision (a) of Section  
8 53533 for the purposes of the portion of the Extra Credit Teacher  
9 Home Purchase Program provided for in subdivision (g) of  
10 Section 8869.84 of the Government Code and any other school  
11 personnel home ownership assistance programs as set forth by the  
12 California Debt Limit Allocation Committee, as operated by the  
13 agency. Notwithstanding the foregoing, the agency may, but is not  
14 required to, provide downpayment assistance pursuant to this  
15 section to any local issuer participating in the Extra Credit Teacher  
16 Home Purchase Program and any other school personnel home  
17 ownership assistance programs as set forth by the California Debt  
18 Limit Allocation Committee.

19 (b) Downpayment assistance for purposes of this section shall  
20 be subject to, and shall meet the requirements of, the Extra Credit  
21 Teacher Home Purchase Program and any other school personnel  
22 home ownership programs as set forth by the California Debt  
23 Limit Allocation Committee, and shall include, but not be limited  
24 to, deferred payment, low interest rate loans where payment of  
25 principal and interest is deferred until the time that the home is sold  
26 or refinanced. This downpayment assistance shall meet the  
27 requirements of subdivisions (d) and (e) of Section 51504.



1 (c) Loans made pursuant to this section may include a provision  
2 whereby interest, principal, or both, of the loan is forgiven upon  
3 conditions to be established by the agency, or any other provision  
4 designed to carry out the purposes of the Extra Credit Teacher  
5 Home Purchase Program and any other school personnel home  
6 ownership programs as set forth by the California Debt Limit  
7 Allocation Committee.

8 (d) Downpayment assistance pursuant to this section shall not  
9 exceed the greater of seven thousand five hundred dollars (\$7,500)  
10 or 3 percent of the home sales price. *However, the agency may, with*  
11 *the concurrence of the California Debt Limit Allocation*  
12 *Committee, establish higher assistance limits where necessary to*  
13 *ensure sufficient assistance to allow program participation in high*  
14 *cost areas.*

15 SEC. 2. Section 53533 of the Health and Safety Code is  
16 amended to read:

17 53533. (a) Money deposited in the fund from the sale of  
18 bonds pursuant to this part shall be allocated for expenditure in  
19 accordance with the following schedule:

20 (1) Nine hundred ten million dollars (\$910,000,000) shall be  
21 transferred to the Housing Rehabilitation Loan Fund to be  
22 expended for the Multifamily Housing Program authorized by  
23 Chapter 6.7 (commencing with Section 50675) of Part 2, except  
24 for the following:

25 (A) Fifty million dollars (\$50,000,000) shall be transferred to  
26 the Preservation Opportunity Fund and, notwithstanding Section  
27 13340 of the Government Code, is continuously appropriated  
28 without regard to fiscal years for the preservation of at-risk  
29 housing pursuant to Chapter 5 (commencing with Section 50600)  
30 of Part 2.

31 (B) Twenty million dollars (\$20,000,000) shall be used for  
32 nonresidential space for supportive services, including, but not  
33 limited to, job training, health services, and child care within, or  
34 immediately proximate to, projects to be funded under the  
35 Multifamily Housing Program. This funding shall be in addition  
36 to any applicable per-unit or project loan limits and may be in the  
37 form of a grant. Service providers shall ensure that services are  
38 available to project residents on a priority basis over the general  
39 public.



1 (C) Twenty-five million dollars (\$25,000,000) shall be used for  
2 matching grants to local housing trust funds pursuant to Section  
3 50843.

4 (D) Fifteen million dollars (\$15,000,000) shall be used for  
5 student housing through the Multifamily Housing Program,  
6 subject to the following provisions:

7 (i) The department shall give first priority for projects on land  
8 owned by a University of California or California State University  
9 campus. Second priority shall be given to projects located within  
10 one mile of a University of California or California State  
11 University campus that is suffering from a severe shortage of  
12 housing and limited availability of developable land as determined  
13 by the department. Those determinations shall be set forth in the  
14 Notice of Funding Availability and shall not be subject to the  
15 requirements of Chapter 3.5 (commencing with Section 11340) of  
16 Part 1 of Title 2 of the Government Code.

17 (ii) All funds shall be matched on a one-to-one basis from  
18 private sources or by the University of California or California  
19 State University. For the purposes of this subparagraph,  
20 “University of California” includes the Hastings College of the  
21 Law.

22 (iii) Occupancy for the units shall be restricted to students  
23 enrolled on a full-time basis in the University of California or  
24 California State University.

25 (iv) Income eligibility pursuant to the Multifamily Housing  
26 Program shall be established by verification of the combined  
27 income of the student and his or her family.

28 (v) Any funds not used for this purpose within 24 months of the  
29 date that the funds are made available shall be awarded pursuant  
30 to subdivision (a) for the Downtown Rebound Program as set forth  
31 in paragraph (1) of subdivision (c) of Section 50898.2.

32 (E) Any funds not encumbered for the purposes set forth in this  
33 paragraph, except subparagraph (D), within 30 months of  
34 availability shall revert to the Housing Rehabilitation Loan Fund  
35 created by Section 50661 for general use in the Multifamily  
36 Housing Program.

37 (2) One hundred ninety-five million dollars (\$195,000,000)  
38 shall be transferred to the Emergency Housing and Assistance  
39 Fund to be expended for the Emergency Housing and Assistance



1 Program authorized by Chapter 11.5 (commencing with Section  
2 50800 of Part 2).

3 (3) One hundred ninety-five million dollars (\$195,000,000)  
4 shall be transferred to the Housing Rehabilitation Loan Fund to be  
5 expended for the Multifamily Housing Program authorized by  
6 Chapter 6.7 (commencing with Section 50675) of Part 2, to be  
7 used for supportive housing projects for individuals and  
8 households moving from emergency shelters or transitional  
9 housing or those at risk of homelessness. The criteria for selecting  
10 projects should give priority to supportive housing for people with  
11 disabilities who would otherwise be at high risk of homelessness  
12 where the applications represent collaboration with programs that  
13 meet the needs of the person’s disabilities. The department may  
14 provide for higher per-unit loan limits as reasonably necessary to  
15 provide and maintain rents affordable to those individuals and  
16 households. For purposes of this paragraph, “supportive housing”  
17 means housing with no limit on length of stay, that is occupied by  
18 the target population, as defined in subdivision (d) of Section  
19 53260, and that is linked to onsite or offsite services that assist the  
20 tenant to retain the housing, improve his or her health status,  
21 maximize his or her ability to live, and, when possible, work in the  
22 community.

23 (4) Two hundred million dollars (\$200,000,000) shall be  
24 transferred to the Joe Serna, Jr. Farmworker Housing Grant Fund  
25 to be expended for farmworker housing programs authorized by  
26 Chapter 3.2 (commencing with Section 50517.5) of Part 2, except  
27 for the following:

28 (A) Twenty-five million dollars (\$25,000,000) shall be used  
29 for projects that serve migratory agricultural workers as defined in  
30 subdivision (i) of Section 7602 of Title 25 of the California Code  
31 of Regulations.

32 (B) Twenty million dollars (\$20,000,000) shall be used for  
33 developments that also provide health services to the residents.  
34 Recipients of these funds shall be required to provide ongoing  
35 monitoring of funded developments to ensure compliance with the  
36 requirements of the Joe Serna, Jr. Farmworker Housing Grant  
37 Program. Projects receiving funds through this allocation shall be  
38 ineligible for funding through the Joe Serna, Jr. Farmworker  
39 Housing Grant Program.



1 (C) Any funds not encumbered for the purposes set forth in this  
2 paragraph within 30 months of availability shall revert for general  
3 use in the Joe Serna, Jr. Farmworker Housing Grant Program.

4 (5) Two hundred five million dollars (\$205,000,000) shall be  
5 transferred to the Self-Help Housing Fund. Notwithstanding  
6 Section 13340 of the Government Code and Section 50697.1,  
7 these funds are hereby continuously appropriated without regard  
8 to fiscal years to the department to be expended for the purposes  
9 of the CalHome Program authorized by Chapter 6 (commencing  
10 with Section 50650) of Part 2, except for the following:

11 (A) Seventy-five million dollars (\$75,000,000) shall be  
12 transferred to the Building Equity and Growth in Neighborhoods  
13 Fund to be used for the Building Equity and Growth in  
14 Neighborhoods (BEGIN) Program pursuant to Chapter 14.5  
15 (commencing with Section 50860) of Part 1.

16 (B) Five million dollars (\$5,000,000) shall be used to provide  
17 grants to cities, counties, cities and counties, and nonprofit  
18 organizations to provide grants for lower income tenants with  
19 disabilities for the purpose of making exterior modifications to  
20 rental housing in order to make that housing accessible to persons  
21 with disabilities. For the purposes of this subparagraph, “exterior  
22 modifications” includes modifications that are made to entryways  
23 or to common areas of the structure or property. The program  
24 provided for under this subparagraph shall not be subject to the  
25 requirements of Chapter 3.5 (commencing with Section 11340) of  
26 Part 1 of Title 2 of the Government Code.

27 (C) Ten million dollars (\$10,000,000) shall be expended for  
28 construction management under the California Self-Help Housing  
29 Program pursuant to subdivision (b) of Section 50696.

30 (D) Any funds not encumbered for the purposes set forth in this  
31 paragraph within 30 months of availability shall revert for general  
32 use in the CalHome Program.

33 (6) Five million dollars (\$5,000,000) shall be transferred to the  
34 Housing Rehabilitation Loan Fund to be expended for capital  
35 expenditures in support of local code enforcement and compliance  
36 programs. This allocation shall not be subject to the requirements  
37 of Chapter 3.5 (commencing with Section 11340) of Part 1 of Title  
38 2 of the Government Code. If the moneys allocated pursuant to this  
39 paragraph are not expended within three years after being  
40 transferred, the department may, in its discretion, transfer the



1 moneys to the Housing Rehabilitation Loan Fund to be expended  
2 for the Multifamily Housing Program.

3 (7) Two hundred ninety million dollars (\$290,000,000) shall be  
4 transferred to the Self-Help Housing Fund. Notwithstanding  
5 Section 50697.1, these funds are hereby continuously  
6 appropriated to the agency to be expended for the purposes of the  
7 California Homebuyer's Downpayment Assistance Program  
8 authorized by Chapter 11 (commencing with Section 51500) of  
9 Part 3, except for the following:

10 (A) Fifty million dollars (\$50,000,000) shall be transferred to  
11 the School Facilities Fee Assistance Fund as provided by  
12 subdivision (a) of Section 51453 to be used for the Homebuyer  
13 Down Payment Assistance Program of 2002 established by  
14 Section 51451.5.

15 (B) Eighty-five million dollars (\$85,000,000) shall be  
16 transferred to the California Housing Loan Insurance Fund to be  
17 used for purposes of Part 4 (commencing with Section 51600).

18 (C) (i) Twelve million five hundred thousand dollars  
19 (\$12,500,000) shall be reserved for downpayment assistance to  
20 low-income first-time homebuyers who, as documented to the  
21 agency by a nonprofit organization certified and funded to provide  
22 homeownership counseling by a federally funded national  
23 nonprofit corporation, are purchasing a residence in a community  
24 revitalization area targeted by the nonprofit organization and who  
25 has received homeownership counseling from the nonprofit  
26 organization. Community revitalization areas shall be limited to  
27 targeted neighborhoods identified by qualified nonprofit  
28 organizations as those neighborhoods in need of economic  
29 stimulation, renovation, and rehabilitation through efforts that  
30 include increased homeownership opportunities for low-income  
31 families.

32 (ii) Effective January 1, 2004, 50 percent of the funds available  
33 pursuant to clause (i) shall be available for downpayment  
34 assistance in an amount not to exceed 6 percent of the home sales  
35 price.

36 (iii) After 12 months of availability, if more than 50 percent of  
37 the funds set aside pursuant to clause (ii) have been encumbered,  
38 the agency shall discontinue that program and make all remaining  
39 funds available for downpayment assistance pursuant to clause (i).  
40 If, however, less than 50 percent of the funds allocated pursuant



1 to clause (ii) are encumbered after that 12-month period, the  
2 agency may, at its sole discretion, either make all remaining funds  
3 provided pursuant to clause (i) available for the purpose of clause  
4 (ii), or may continue to implement clause (ii) until all of the funds  
5 allocated for that purpose as of January 1, 2004, have been  
6 encumbered.

7 (D) Twenty-five million dollars (\$25,000,000) shall be used  
8 for downpayment assistance pursuant to Section 51505. After 18  
9 months of availability, if the agency determines that the funds set  
10 aside pursuant to this section will not be utilized for purposes of  
11 Section 51505, these funds shall be available for the general use  
12 of the agency for the purposes of the California Homebuyer's  
13 Downpayment Assistance Program, but may also continue to be  
14 available for the purposes of Section 51505.

15 (E) Funds not utilized for the purposes set forth in  
16 subparagraphs (B) and (C) within 30 months shall revert for  
17 general use in the California Homebuyer's Downpayment  
18 Assistance Program.

19 (8) One hundred million dollars (\$100,000,000) shall be  
20 transferred to the Jobs Housing Improvement Account to be  
21 expended as capital grants to local governments for increasing  
22 housing pursuant to enabling legislation. If the enabling  
23 legislation fails to become law in the 2001–02 Regular Session of  
24 the Legislature, the specified allocation for this program shall be  
25 void and the funds shall revert for general use in the Multifamily  
26 Housing Program as specified in paragraph (1) of subdivision (a).

27 (b) No portion of the money allocated pursuant to this section  
28 may be expended for project operating costs, except that this  
29 section does not preclude expenditures for operating costs from  
30 reserves required to be maintained by or on behalf of the project  
31 sponsor.

32 (c) The Legislature may, from time to time, amend the  
33 provisions of law related to programs to which funds are, or have  
34 been, allocated pursuant to this section for the purpose of  
35 improving the efficiency and effectiveness of the program, or for  
36 the purpose of furthering the goals of the program.

37 (d) The Bureau of State Audits shall conduct periodic audits to  
38 ensure that bond proceeds are awarded in a timely fashion and in  
39 a manner consistent with the requirements of this part, and that



- 1 awardees of bond proceeds are using funds in compliance with
- 2 applicable provisions of this part.

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