

AMENDED IN SENATE SEPTEMBER 4, 2003

AMENDED IN SENATE AUGUST 27, 2003

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
(Principal coauthor: Senator Torlakson)

February 6, 2003

An act to amend Sections 51451.5, 51505, 51615, 51628, 51642, 51643.5, 51648, 51650, 51651, 51652, 51654, 51670, and 53533 of, and to repeal Section 51646 of, the Health and Safety Code, relating to housing, and making an appropriation therefor.

LEGISLATIVE COUNSEL'S DIGEST

AB 304, as amended, Mullin. Housing: downpayment assistance and guaranty insurance.

(1) 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, among other things, 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 and 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.

(2) Existing law establishes the California Housing Loan Insurance Fund, which is continuously appropriated to the agency for the purpose of insuring loans for single family and multifamily residential housing and insuring bonds issued by governmental agencies for purposes of financing housing affordable to persons and families of low or moderate income. Premiums received from the insurance is deposited in the fund.

This bill would expand the categories of persons who may be qualified for loan insurance, as specified, until January 1, 2011, provide that the insured loans may be secured by deeds of trust, and authorize insurance for bonds issued by other types of issuers approved by the board of directors of the agency, thereby making an appropriation by expanding the class of persons, types of loans, and bond issuers eligible for insurance and payments under the fund. The bill would also make technical, clarifying changes.

(3) This bill would incorporate additional changes in Section 53533 of the Health and Safety Code proposed by this bill and AB 1475 that would become operative only if either both bills are chaptered and become effective on or before January 1, 2004, and this bill is chaptered last.

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



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

1 SECTION 1. Section 51451.5 of the Health and Safety Code,
2 as added by Section 2 of Chapter 26 of the Statutes of 2002, is
3 amended to read:

4 51451.5. The Homebuyer Down Payment Assistance
5 Program of 2002 is hereby established, to provide assistance in the
6 amount of the applicable school facility fee on affordable housing
7 developments. The Homebuyer Down Payment Assistance
8 Program of 2002 shall, with funds provided by the Housing and
9 Emergency Shelter Trust Fund Act of 2002 (Part 11 (commencing
10 with Section 53500)), provide the following assistance:

11 (a) Downpayment assistance to the purchaser of any newly
12 constructed residential structure in a development project in an
13 economically distressed area in the amount of school facility fees
14 paid pursuant to Section 65995.5 or 65995.7 of the Government
15 Code, less the amount that would be required pursuant to
16 subdivision (b) of Section 65995 of the Government Code,
17 notwithstanding Sections 65995.5 and 65995.7 of the Government
18 Code, if all of the following conditions are met:

19 (1) The development project is located in a county with an
20 unemployment rate that equals or exceeds 125 percent of the state
21 unemployment rate.

22 (2) Five hundred or more residential structures have been
23 constructed in the county during 2001.

24 (3) A building permit for an eligible residential structure in the
25 development project is issued by the local agency on or after
26 January 1, 2002.

27 (4) The eligible residential structure is to be owner occupied for
28 at least five years. If a structure is owner occupied for fewer than
29 five years, the recipient of the assistance shall repay the School
30 Facilities Fee Assistance Fund the amount of the assistance, on a
31 prorated basis.

32 (5) The sales price of the eligible residential structure does not
33 exceed 175 percent of the median sales price of residential
34 structures in the county during the average of the previous five
35 years. However, if the five-year average exceeds the
36 Governmental-Sponsored Enterprises conforming loan limit, the
37 sales price in that county shall not exceed 100 percent of the



1 median sales price of residential structures in the county during the
2 average of the previous five years.

3 (b) Downpayment assistance to the purchaser of any newly
4 constructed residential structure in a development project in the
5 aggregate amount of school facility fees paid pursuant to one, all,
6 or any combination of subdivision (b) of Section 65995, Section
7 65995.5, or Section 65995.7 of the Government Code for the
8 eligible residential structure if all of the following conditions are
9 met:

10 (1) The assistance is provided to a qualified first-time
11 homebuyer pursuant to Section 50068.5.

12 (2) The qualified first-time homebuyer does not exceed the
13 lower or moderate-income requirements in Section 50093.

14 (3) A building permit for an eligible residential structure in the
15 development project is issued by the local agency on or after
16 January 1, 2002.

17 (4) The eligible residential structure is to be owner occupied for
18 at least five years. If a structure is owner occupied for fewer than
19 five years, the recipient of the assistance shall repay the School
20 Facilities Fee Assistance Fund the amount of the assistance, on a
21 prorated basis.

22 SEC. 2. Section 51451.5 of the Health and Safety Code, as
23 amended by Section 18 of Chapter 935 of the Statutes of 2002, is
24 amended to read:

25 51451.5. The Homebuyer Down Payment Assistance
26 Program of 2002 is hereby established, to provide assistance in the
27 amount of the applicable school facility fee on affordable housing.
28 The Homebuyer Down Payment Assistance Program of 2002
29 shall, with funds provided by the Kindergarten-University Public
30 Education Facilities Bond Acts of 2002 and 2004 (Part 68.1
31 (commencing with Section 100600) of the Education Code; and
32 Part 68.2 (commencing with Section 100800) of the Education
33 Code), provide the following assistance:

34 (a) Downpayment assistance to the purchaser of any newly
35 constructed residential structure in a development project in an
36 economically distressed area in the amount of school facility fees
37 paid pursuant to Section 65995.5 or 65995.7 of the Government
38 Code, less the amount that would be required pursuant to
39 subdivision (b) of Section 65995 of the Government Code,



1 notwithstanding Sections 65995.5 and 65995.7 of the Government
2 Code, if all of the following conditions are met:

3 (1) The development project is located in a county with an
4 unemployment rate that equals or exceeds 125 percent of the state
5 unemployment rate.

6 (2) Five hundred or more residential structures have been
7 constructed in the county during 2001.

8 (3) A building permit for an eligible residential structure in the
9 project is issued by the local agency on or after January 1, 2002.

10 (4) The eligible residential structure is to be owner occupied for
11 at least five years. If a structure is owner occupied for fewer than
12 five years, the recipient of the assistance shall repay the School
13 Facilities Fee Assistance Fund the amount of the assistance, on a
14 prorated basis.

15 (5) The sales price of the eligible residential structure does not
16 exceed 175 percent of the median sales price of residential
17 structures in the county during the average of the previous five
18 years. However, if the five-year average exceeds the
19 Governmental-Sponsored Enterprises conforming loan limit, the
20 sales price in that county shall not exceed 100 percent of the
21 median sales price of residential structures in the county during the
22 average of the previous five years.

23 (b) Downpayment assistance to the purchaser of any newly
24 constructed residential structure in a development project in the
25 aggregate amount of school facility fees paid pursuant to one, all,
26 or any combination of subdivision (b) of Section 65995, Section
27 65995.5, or Section 65995.7 of the Government Code for the
28 eligible residential structure if all of the following conditions are
29 met:

30 (1) The assistance is provided to a qualified first-time home
31 buyer pursuant to Section 50068.5.

32 (2) The qualified first-time home buyer does not exceed the
33 lower or moderate-income requirements in Section 50093.

34 (3) A building permit for an eligible residential structure in the
35 project is issued by the local agency on or after January 1, 2002.

36 (4) The eligible residential structure is to be owner occupied for
37 at least five years. If a structure is owner occupied for fewer than
38 five years, the recipient of the assistance shall repay the School
39 Facilities Fee Assistance Fund the amount of the assistance, on a
40 prorated basis.



1 SEC. 3. 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.
28 (c) Loans made pursuant to this section may include a provision
29 whereby interest, principal, or both, of the loan is forgiven upon
30 conditions to be established by the agency, or any other provision
31 designed to carry out the purposes of the Extra Credit Teacher
32 Home Purchase Program and any other school personnel home
33 ownership programs as set forth by the California Debt Limit
34 Allocation Committee.
35 (d) Downpayment assistance pursuant to this section shall not
36 exceed the greater of seven thousand five hundred dollars (\$7,500)
37 or 3 percent of the home sales price. However, the agency may,
38 with the concurrence of the California Debt Limit Allocation
39 Committee, establish higher assistance limits where necessary to



1 ensure sufficient assistance to allow program participation in high
2 cost areas.

3 SEC. 4. Section 51615 of the Health and Safety Code is
4 amended to read:

5 51615. (a) Chapter 3.5 (commencing with Section 6250) of
6 Division 7 of Title 1 of; and Article 9 (commencing with Section
7 11120) of Chapter 1 of, Chapter 3.5 (commencing with Section
8 11340) of, Chapter 4 (commencing with Section 11370) of, and
9 Chapter 5 (commencing with Section 11500) of, Part 1 of Division
10 3 of Title 2 of; the Government Code shall apply to the agency with
11 respect to the administration of the insurance fund.

12 (b) Notwithstanding subdivision (a), the provisions described
13 in that subdivision shall not apply to any of the following:

14 (1) The agency's activities and records relating to establishing
15 rates and premiums.

16 (2) Bids or contracts for insurance, coinsurance, and
17 reinsurance.

18 (3) Other matters necessary to maintain the competitiveness of
19 the agency in the mortgage insurance industry, including, but not
20 limited to, the development of financial products.

21 SEC. 5. Section 51628 of the Health and Safety Code is
22 amended to read:

23 51628. The agency shall, after a reasonable time during which
24 it may establish a business, be competitive with other insurers, and
25 it is the intent of the Legislature that the insurance fund shall
26 ultimately become neither more nor less than self-supporting.
27 However, this section shall not be construed to preclude the
28 insurance fund from operating in a manner that will permit the
29 agency to create additional reserves from operations in order that
30 the agency can maximize its insurance capacity.

31 SEC. 6. Section 51642 of the Health and Safety Code is
32 amended to read:

33 51642. (a) The obligation of the agency and of the state to pay
34 any insurance benefit pursuant to contracts of insurance insuring
35 loans or bonds shall not exceed amounts deposited in the insurance
36 fund that are made available therefor under the respective
37 contracts of insurance. Nothing in this part shall require the
38 Legislature to appropriate moneys from the General Fund in the
39 State Treasury to the insurance fund on account of these
40 obligations. The insurance of loans or bonds under this part shall



1 not directly, indirectly, or contingently obligate the state or any
2 political subdivision thereof to levy or to pledge any form of
3 taxation whatever therefor or to make any appropriation for their
4 payment.

5 (b) All contracts of insurance insuring loans or bonds pursuant
6 to this part shall contain on the face thereof a statement to the
7 following effect: “Neither the faith and credit nor the taxing power
8 of the State of California is pledged to the payment of the principal
9 of or interest on this contract of insurance.”

10 (c) Moneys in the insurance fund received from the proceeds
11 of bonds issued pursuant to the California Housing and Jobs
12 Investment Bond Act may not be transferred to any other fund of
13 the agency except as necessary to pay the expenses of operating the
14 program of loan and bond insurance for single-family residential
15 housing authorized by this part, nor shall the agency utilize any of
16 these moneys under the direction and control of the agency, other
17 than moneys in the insurance fund, to satisfy liabilities arising
18 from contracts of insurance authorized by this part.

19 (d) Moneys in the insurance fund may not be transferred to any
20 other fund of the agency except as necessary to pay the expenses
21 of operating the program of loan and bond insurance authorized by
22 this part, nor shall the agency utilize any moneys under the
23 direction and control of the agency to satisfy liabilities arising
24 from contracts of insurance authorized by this part.

25 (e) The agency, on behalf of, or for the benefit of, the California
26 Housing Loan Insurance Fund, may borrow or receive moneys
27 from the agency or from any federal, state, or local agency or
28 private entity, or may pledge funds from the California Housing
29 Finance Fund, in order to create or support reserves in the
30 insurance fund for loan or bond insurance as provided in this part
31 and as authorized by resolution of the board of directors.

32 (f) The agency shall create a separate reserve account for
33 insuring mortgages of multifamily housing developments which
34 shall consist of all of the following:

35 (1) Funds transferred by redevelopment agencies pursuant to
36 Section 33334.2. The use of these funds shall be consistent with
37 Section 33334.4.

38 (2) Any other funds available for insuring mortgages of
39 multifamily housing developments as may be made available for
40 that purpose by law and as provided in this part.



1 (g) Reserve funds for the single-family mortgage guarantee
2 insurance program and the multifamily residential mortgage
3 guaranty insurance program shall not be commingled.

4 SEC. 7. Section 51643.5 of the Health and Safety Code is
5 amended to read:

6 51643.5. (a) The agency shall be subject to, and comply with,
7 the same reserve certification requirements as mortgage guaranty
8 insurers who are licensed pursuant to Chapter 2A (commencing
9 with Section 12640.01) of Part 6 of Division 2 of the Insurance
10 Code.

11 (b) The agency shall not otherwise be subject to the Insurance
12 Code with respect to the operation of the insurance fund, except
13 as provided in this part.

14 SEC. 8. Section 51646 of the Health and Safety Code is
15 repealed.

16 ~~SEC. 9. Section 51648 of the Health and Safety Code is~~
17 ~~amended to read:~~

18 ~~51648. While maintaining the actuarial soundness of the fund,~~
19 ~~the agency shall make efforts to do both of the following:~~

20 ~~(a) Equitably distribute insurance based on a regionalized~~
21 ~~basis, weighted in accordance with the geographic distribution of~~
22 ~~the state's population.~~

23 ~~(b) Focus on housing opportunities that benefit any of the~~
24 ~~following:~~

25 ~~(1) Households with incomes at or below area median income.~~

26 ~~(2) Households that require mortgages at or above 95 percent~~
27 ~~of the price of the home.~~

28 ~~(3) Households that are participating in locally administered~~
29 ~~housing programs.~~

30 ~~SEC. 9. Section 51648 of the Health and Safety Code is~~
31 ~~amended to read:~~

32 ~~51648. The~~ While maintaining the actuarial soundness of the
33 ~~fund, the~~ agency shall make efforts to ~~equitably~~ do both of the
34 ~~following:~~

35 (a) Equitably distribute insurance based on a regionalized
36 basis, weighted in accordance with the geographic distribution of
37 the state's population. ~~While maintaining the actuarial soundness~~
38 ~~of the fund, the agency shall focus~~

39 (b) Focus on housing opportunities that benefit ~~households~~ any
40 of the following:



1 (1) *Households* with incomes at or below area median income;
2 ~~households~~.

3 (2) *Households* that require mortgages at or above 95 percent
4 of the price of the home, ~~or households~~.

5 (3) *Households* that are participating in locally administered
6 housing programs.

7 SEC. 10. Section 51650 of the Health and Safety Code is
8 amended to read:

9 51650. (a) (1) To be qualified for loan insurance, a borrower
10 shall be, or by reason of a loan insured pursuant to this part shall
11 become, the owner of a multifamily rental housing development
12 or a single-family residential structure for which an insured loan
13 is authorized, and shall be able to bear the usual expenses of
14 maintaining the housing development, development, or structure
15 and repay the loan.

16 (2) To be qualified for loan insurance on a single-family
17 residential housing unit, the borrower shall also do either of the
18 following:

19 (A) Qualify as a person or family of low or moderate income,
20 as that term is defined in Section 51603.

21 (B) Until January 1, 2011, otherwise meet the requirements for
22 participation in an affordable housing program or product offered
23 by the Federal National Mortgage Association (Fannie Mae) or the
24 Federal Home Loan Mortgage Association (Freddie Mac).

25 (3) The agency may, by resolution, establish additional
26 requirements that it deems necessary to accomplish the purposes
27 of this part.

28 (b) For the purpose of increasing the efficiency and minimizing
29 the cost of the loan insurance program, the agency may insure or
30 issue commitments to insure loans upon the certification of an
31 officer of an approved lending institution that the borrower is
32 qualified for loan insurance according to eligibility requirements
33 specified by the agency.

34 (c) No later than January 1, 2009, the agency shall report to the
35 chairs of the housing committees of the Senate and the Assembly
36 on the types of programs that were offered pursuant to
37 subparagraph (B) of paragraph (2) of subdivision (a).

38 SEC. 11. Section 51651 of the Health and Safety Code is
39 amended to read:



1 51651. (a) The agency shall specify the percentage of the
2 outstanding principal indebtedness that may be insured under this
3 part with respect to each category of loan authorized to be insured
4 under this part.

5 (b) The agency may insure loans secured by mortgages or
6 deeds of trust of first or second priority.

7 SEC. 12. Section 51652 of the Health and Safety Code is
8 amended to read:

9 51652. Loans insured under this part shall meet all of the
10 following requirements:

11 (a) The loans shall be made for a period acceptable to the
12 agency not to exceed 40 years.

13 (b) The loans shall be subject to maximum loan amounts for
14 each category of loan authorized to be insured under this part.

15 (c) The loans shall be secured by mortgages or deeds of trust,
16 or the loan shall be wholly or partially insured or guaranteed by an
17 agency or instrumentality of the United States, except for property
18 improvement loans under limits established by the agency.

19 (d) The agency may establish loan-to-value limitations for each
20 category of loan and may set forth limitations on the further
21 encumbrance of structures and other real property securing loans,
22 but only to the extent necessary to prevent unreasonable
23 impairment of the agency's security. In no case involving
24 refinancing and rehabilitation shall the loan have a principal
25 obligation in an amount exceeding the sum of the estimated cost
26 of rehabilitation, if any, and the amount required to refinance
27 existing indebtedness secured by the property and settlement and
28 closing costs incurred in connection therewith.

29 (e) Loans involving the rehabilitation of residential structures
30 shall have a principal obligation not exceeding an amount which,
31 when added to any outstanding indebtedness constituting a lien
32 upon the property securing the loan, creates a total outstanding
33 indebtedness which would be reasonably secured by a mortgage
34 of first priority on the property pursuant to subdivision (d), and as
35 set forth by the agency.

36 (f) Loans involving refinancing may be insured only if
37 refinancing is necessary to permit a borrower to afford the cost of
38 rehabilitation, to lower his or her monthly debt-to-income
39 payments, minimize rent increases for occupants of the residential
40 structure, where the rents would otherwise exceed affordable rents



1 due to the expense of rehabilitation, or to achieve another purpose
2 specified in this division.

3 (g) With respect to loans involving the rehabilitation of a
4 residential structure, the agency shall determine that the
5 rehabilitation is economically feasible. For purposes of this
6 subdivision, the economic feasibility of rehabilitation projects
7 involving commercial space in a mixed residential and
8 commercial structure shall be determined independently for any
9 structure to be rehabilitated for mixed residential and commercial
10 uses.

11 (h) For the purpose of increasing the efficiency and minimizing
12 the cost of the loan insurance program, the agency may insure, or
13 issue commitments to insure, loans, upon the certification of an
14 officer of an approved lending institution that the proposed
15 rehabilitation conforms to requirements specified by the agency
16 regarding economic feasibility.

17 (i) The agency shall contract with the insured or the borrower,
18 or both, during the term of the insurance if the agency determines
19 that either or both of those contracts is necessary to maintain
20 residential rentals available to lower income households at
21 affordable rents.

22 (j) Relocation payments shall be made to persons and families
23 displaced in making a site or residential structure available for
24 rehabilitation or construction financed by loans insured under this
25 part, and relocation advisory assistance provided to those persons,
26 as specified by Section 51063. Relocation payments for
27 rehabilitation or construction financed by loans insured by this
28 part, shall also be made to owners involuntarily displaced because
29 of inability to afford costs of compliance required pursuant to this
30 part, but any payment pursuant to Section 4623 of Title 42 of the
31 United States Code or Section 7263 of the Government Code shall
32 be limited to the reasonable costs of a replacement dwelling
33 adequate to accommodate the displaced person or family without
34 regard to whether the dwelling is otherwise comparable to the
35 dwelling formerly occupied, less the amount received from sale of
36 the dwelling. Relocation payments may be made from the
37 proceeds of insured loans as authorized by the agency.

38 (k) The residential structure for which a loan is insured
39 pursuant to this part shall be insured against loss due to fire and
40 other causes, as provided by the agency.



1 (l) Any other terms and conditions as the agency determines are
2 necessary to further the purposes of this part.

3 SEC. 13. Section 51654 of the Health and Safety Code is
4 amended to read:

5 51654. The agency may provide insurance pursuant to this
6 part for all of the following:

7 (a) Loans for residential structures that will be occupied
8 primarily by persons and families of low or moderate income.

9 (b) Loans for privately or publicly financed rental housing
10 developments that will benefit lower income households.
11 “Privately financed rental housing development,” as used in this
12 subdivision, includes rental housing developments financed by
13 local public entities, as defined in Section 50079.

14 (c) Loans that otherwise meet the requirements for
15 participation in an affordable housing program or product offered
16 by the Federal National Mortgage Association (Fannie Mae) or the
17 Federal Home Loan Mortgage Association (Freddie Mac).

18 SEC. 14. Section 51670 of the Health and Safety Code is
19 amended to read:

20 51670. (a) The agency may insure bonds issued by state or
21 local agencies, or other types of issuers approved by the board of
22 directors of the agency, to finance or refinance the construction,
23 rehabilitation, acquisition, or preservation of single-family and
24 multifamily residential housing for persons and families of low
25 and moderate income. The agency may charge and collect
26 insurance premiums for the insurance and fees for services
27 performed in conjunction with the processing and approval of
28 insurance applications as determined by the agency. The agency
29 shall take all reasonable steps to ensure that bonds insured pursuant
30 to this chapter are in a form satisfactory to the agency and contain
31 provisions relating to the underlying security for the bonds as may
32 be required by the agency.

33 (b) The agency shall take reasonable steps to ensure that both
34 of the following occur:

35 (1) The bonds contain, or are subject to, terms respecting
36 repayment, dates of maturity, and other provisions satisfactory to
37 the agency.

38 (2) The bonds contain, or are subject to, provisions that the
39 agency deems necessary with respect to security interests of the
40 agency, including provisions relating to subrogation, liens and



1 releases of liens, payment of taxes, escrow or trusteeship
2 requirements, or other matters.

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

5 53533. (a) Money deposited in the fund from the sale of
6 bonds pursuant to this part shall be allocated for expenditure in
7 accordance with the following schedule:

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

13 (A) Fifty million dollars (\$50,000,000) shall be transferred to
14 the Preservation Opportunity Fund and, notwithstanding Section
15 13340 of the Government Code, is continuously appropriated
16 without regard to fiscal years for the preservation of at-risk
17 housing pursuant to Chapter 5 (commencing with Section 50600)
18 of Part 2.

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

28 (C) Twenty-five million dollars (\$25,000,000) shall be used for
29 matching grants to local housing trust funds pursuant to Section
30 50843.

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

34 (i) The department shall give first priority for projects on land
35 owned by a University of California or California State University
36 campus. Second priority shall be given to projects located within
37 one mile of a University of California or California State
38 University campus that is suffering from a severe shortage of
39 housing and limited availability of developable land as determined
40 by the department. Those determinations shall be set forth in the



1 Notice of Funding Availability and shall not be subject to the
2 requirements of Chapter 3.5 (commencing with Section 11340) of
3 Part 1 of Title 2 of the Government Code.

4 (ii) All funds shall be matched on a one-to-one basis from
5 private sources or by the University of California or California
6 State University. For the purposes of this subparagraph,
7 “University of California” includes the Hastings College of the
8 Law.

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

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

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

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

24 (2) One hundred ninety-five million dollars (\$195,000,000)
25 shall be transferred to the Emergency Housing and Assistance
26 Fund to be expended for the Emergency Housing and Assistance
27 Program authorized by Chapter 11.5 (commencing with Section
28 50800 of Part 2).

29 (3) One hundred ninety-five million dollars (\$195,000,000)
30 shall be transferred to the Housing Rehabilitation Loan Fund to be
31 expended for the Multifamily Housing Program authorized by
32 Chapter 6.7 (commencing with Section 50675) of Part 2, to be
33 used for supportive housing projects for individuals and
34 households moving from emergency shelters or transitional
35 housing or those at risk of homelessness. The criteria for selecting
36 projects should give priority to supportive housing for people with
37 disabilities who would otherwise be at high risk of homelessness
38 where the applications represent collaboration with programs that
39 meet the needs of the person’s disabilities. The department may
40 provide for higher per-unit loan limits as reasonably necessary to



1 provide and maintain rents affordable to those individuals and
2 households. For purposes of this paragraph, “supportive housing”
3 means housing with no limit on length of stay, that is occupied by
4 the target population, as defined in subdivision (d) of Section
5 53260, and that is linked to onsite or offsite services that assist the
6 tenant to retain the housing, improve his or her health status,
7 maximize his or her ability to live, and, when possible, work in the
8 community.

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

14 (A) Twenty-five million dollars (\$25,000,000) shall be used
15 for projects that serve migratory agricultural workers as defined in
16 subdivision (i) of Section 7602 of Title 25 of the California Code
17 of Regulations. If, after July 1, 2003, funds remain after the
18 approval of all feasible applications, the department shall be
19 deemed an eligible recipient for the purposes of reconstructing
20 migrant centers operated through the Office of Migrant Services
21 pursuant to Chapter 8.5 (commencing with Section 50710) that
22 would otherwise be scheduled for closure due to health or safety
23 considerations or are in need of significant repairs to ensure the
24 health and safety of the residents. Of the dollars allocated by this
25 section, the department shall receive four million one hundred
26 thousand dollars (\$4,100,000) for these purposes.

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

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

38 (5) Two hundred five million dollars (\$205,000,000) shall be
39 transferred to the Self-Help Housing Fund. Notwithstanding
40 Section 13340 of the Government Code and Section 50697.1,



1 these funds are hereby continuously appropriated without regard
2 to fiscal years to the department to be expended for the purposes
3 of the CalHome Program authorized by Chapter 6 (commencing
4 with Section 50650) of Part 2, except for the following:

5 (A) Seventy-five million dollars (\$75,000,000) shall be
6 transferred to the Building Equity and Growth in Neighborhoods
7 Fund to be used for the Building Equity and Growth in
8 Neighborhoods (BEGIN) Program pursuant to Chapter 4.5
9 (commencing with Section 50860) of Part 1.

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

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

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

27 (6) Five million dollars (\$5,000,000) shall be transferred to the
28 Housing Rehabilitation Loan Fund to be expended for capital
29 expenditures in support of local code enforcement and compliance
30 programs. This allocation shall not be subject to the requirements
31 of Chapter 3.5 (commencing with Section 11340) of Part 1 of Title
32 2 of the Government Code. If the moneys allocated pursuant to this
33 paragraph are not expended within three years after being
34 transferred, the department may, in its discretion, transfer the
35 moneys to the Housing Rehabilitation Loan Fund to be expended
36 for the Multifamily Housing Program.

37 (7) Two hundred ninety million dollars (\$290,000,000) shall be
38 transferred to the Self-Help Housing Fund. Notwithstanding
39 Section 50697.1, these funds are hereby continuously
40 appropriated to the agency to be expended for the purposes of the



1 California Homebuyer’s Downpayment Assistance Program
2 authorized by Chapter 11 (commencing with Section 51500) of
3 Part 3, except for the following:

4 (A) Fifty million dollars (\$50,000,000) shall be transferred to
5 the School Facilities Fee Assistance Fund as provided by
6 subdivision (a) of Section 51453 to be used for the Homebuyer
7 Down Payment Assistance Program of 2002 established by
8 Section 51451.5.

9 (B) Eighty-five million dollars (\$85,000,000) shall be
10 transferred to the California Housing Loan Insurance Fund to be
11 used for purposes of Part 4 (commencing with Section 51600). The
12 agency may transfer these moneys as often as quarterly in amounts
13 that shall not exceed the dollar amount of new insurance written
14 by the agency during the preceding quarter for ~~both of the~~
15 ~~following:~~

16 ~~(i) Loans—~~*loans* for the purchase of homes made to
17 owner-occupant borrowers with incomes not exceeding 120
18 percent of the area ~~median income.~~

19 ~~(ii) Loans or bonds for the purpose of financing multifamily~~
20 ~~rental housing developments, where the percentage of units in~~
21 ~~each such development designated for lower income and very low~~
22 ~~income households is consistent with the requirements of Chapter~~
23 ~~6.7 (commencing with Section 51325), divided by the *median*~~
24 ~~*income, divided by the* risk-to-capital ratio required for the~~
25 maintenance of satisfactory credit ratings from nationally
26 recognized credit rating services.

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



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

5 (iii) After 12 months of availability, if more than 50 percent of
6 the funds set aside pursuant to clause (ii) have been encumbered,
7 the agency shall discontinue that program and make all remaining
8 funds available for downpayment assistance pursuant to clause (i).
9 If, however, less than 50 percent of the funds allocated pursuant
10 to clause (ii) are encumbered after that 12-month period, the
11 agency may, at its sole discretion, either make all remaining funds
12 provided pursuant to clause (i) available for the purpose of clause
13 (ii), or may continue to implement clause (ii) until all of the funds
14 allocated for that purpose as of January 1, 2004, have been
15 encumbered.

16 (D) Twenty-five million dollars (\$25,000,000) shall be used
17 for downpayment assistance pursuant to Section 51505. After 18
18 months of availability, if the agency determines that the funds set
19 aside pursuant to this section will not be utilized for purposes of
20 Section 51505, these funds shall be available for the general use
21 of the agency for the purposes of the California Homebuyer's
22 Downpayment Assistance Program, but may also continue to be
23 available for the purposes of Section 51505.

24 (E) Funds not utilized for the purposes set forth in
25 subparagraphs (B) and (C) within 30 months shall revert for
26 general use in the California Homebuyer's Downpayment
27 Assistance Program.

28 (8) One hundred million dollars (\$100,000,000) shall be
29 transferred to the Jobs Housing Improvement Account to be
30 expended as capital grants to local governments for increasing
31 housing pursuant to enabling legislation. If the enabling
32 legislation fails to become law in the 2001–02 Regular Session of
33 the Legislature, the specified allocation for this program shall be
34 void and the funds shall revert for general use in the Multifamily
35 Housing Program as specified in paragraph (1) of subdivision (a).

36 (b) No portion of the money allocated pursuant to this section
37 may be expended for project operating costs, except that this
38 section does not preclude expenditures for operating costs from
39 reserves required to be maintained by or on behalf of the project
40 sponsor.



1 (c) The Legislature may, from time to time, amend the
2 provisions of law related to programs to which funds are, or have
3 been, allocated pursuant to this section for the purpose of
4 improving the efficiency and effectiveness of the program, or for
5 the purpose of furthering the goals of the program.

6 (d) The Bureau of State Audits shall conduct periodic audits to
7 ensure that bond proceeds are awarded in a timely fashion and in
8 a manner consistent with the requirements of this part, and that
9 awardees of bond proceeds are using funds in compliance with
10 applicable provisions of this part.

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

13 53533. (a) Money deposited in the fund from the sale of
14 bonds pursuant to this part shall be allocated for expenditure in
15 accordance with the following schedule:

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

21 (A) Fifty million dollars (\$50,000,000) shall be transferred to
22 the Preservation Opportunity Fund and, notwithstanding Section
23 13340 of the Government Code, is continuously appropriated
24 without regard to fiscal years for the preservation of at-risk
25 housing pursuant to Chapter 5 (commencing with Section 50600)
26 of Part 2.

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

36 (C) Twenty-five million dollars (\$25,000,000) shall be used for
37 matching grants to local housing trust funds pursuant to Section
38 50843.



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

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

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

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

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

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

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

34 (2) One hundred ninety-five million dollars (\$195,000,000)
35 shall be transferred to the Emergency Housing and Assistance
36 Fund to be expended for the Emergency Housing and Assistance
37 Program authorized by Chapter 11.5 (commencing with Section
38 50800 of Part 2).

39 (3) One hundred ninety-five million dollars (\$195,000,000)
40 shall be transferred to the Housing Rehabilitation Loan Fund to be



1 expended for supportive housing projects under the Multifamily
2 Housing Program authorized by Chapter 6.7 (commencing with
3 Section 50675) of Part 2, to serve individuals and households
4 moving from emergency shelters or transitional housing or those
5 at risk of homelessness.

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

11 (A) Twenty-five million dollars (\$25,000,000) shall be used
12 for projects that serve migratory agricultural workers as defined in
13 subdivision (i) of Section 7602 of Title 25 of the California Code
14 of Regulations. If, after July 1, 2003, funds remain after the
15 approval of all feasible applications, the department shall be
16 deemed an eligible recipient for the purposes of reconstructing
17 migrant centers operated through the Office of Migrant Services
18 pursuant to Chapter 8.5 (commencing with Section 50710) that
19 would otherwise be scheduled for closure due to health or safety
20 considerations or are in need of significant repairs to ensure the
21 health and safety of the residents. Of the dollars allocated by this
22 section, the department shall receive four million one hundred
23 thousand dollars (\$4,100,000) for these purposes.

24 (B) Twenty million dollars (\$20,000,000) shall be used for
25 developments that also provide health services to the residents.
26 Recipients of these funds shall be required to provide ongoing
27 monitoring of funded developments to ensure compliance with the
28 requirements of the Joe Serna, Jr. Farmworker Housing Grant
29 Program. Projects receiving funds through this allocation shall be
30 ineligible for funding through the Joe Serna, Jr. Farmworker
31 Housing Grant Program.

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

35 (5) Two hundred five million dollars (\$205,000,000) shall be
36 transferred to the Self-Help Housing Fund. Notwithstanding
37 Section 13340 of the Government Code and Section 50697.1,
38 these funds are hereby continuously appropriated without regard
39 to fiscal years to the department to be expended for the purposes



1 of the CalHome Program authorized by Chapter 6 (commencing
2 with Section 50650) of Part 2, except for the following:

3 (A) Seventy-five million dollars (\$75,000,000) shall be
4 transferred to the Building Equity and Growth in Neighborhoods
5 Fund to be used for the Building Equity and Growth in
6 Neighborhoods (BEGIN) Program pursuant to Chapter 4.5
7 (commencing with Section 50860) of Part 1.

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

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

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

25 (6) Five million dollars (\$5,000,000) shall be transferred to the
26 Housing Rehabilitation Loan Fund to be expended for capital
27 expenditures in support of local code enforcement and compliance
28 programs. This allocation shall not be subject to the requirements
29 of Chapter 3.5 (commencing with Section 11340) of Part 1 of Title
30 2 of the Government Code. If the moneys allocated pursuant to this
31 paragraph are not expended within three years after being
32 transferred, the department may, in its discretion, transfer the
33 moneys to the Housing Rehabilitation Loan Fund to be expended
34 for the Multifamily Housing Program.

35 (7) Two hundred ninety million dollars (\$290,000,000) shall be
36 transferred to the Self-Help Housing Fund. Notwithstanding
37 Section 50697.1, these funds are hereby continuously
38 appropriated to the agency to be expended for the purposes of the
39 California Homebuyer’s Downpayment Assistance Program



1 authorized by Chapter 11 (commencing with Section 51500) of
2 Part 3, except for the following:

3 (A) Fifty million dollars (\$50,000,000) shall be transferred to
4 the School Facilities Fee Assistance Fund as provided by
5 subdivision (a) of Section 51453 to be used for the Homebuyer
6 Down Payment Assistance Program of 2002 established by
7 Section 51451.5.

8 (B) Eighty-five million dollars (\$85,000,000) shall be
9 transferred to the California Housing Loan Insurance Fund to be
10 used for purposes of Part 4 (commencing with Section 51600). The
11 agency may transfer these moneys as often as quarterly in amounts
12 that shall not exceed the dollar amount of new insurance written
13 by the agency during the preceding quarter for ~~both of the~~
14 ~~following:~~

15 ~~(i) Loans—~~*loans* for the purchase of homes made to
16 owner-occupant borrowers with incomes not exceeding 120
17 percent of the area ~~median income.~~

18 ~~(ii) Loans or bonds for the purpose of financing multifamily~~
19 ~~rental housing developments, where the percentage of units in~~
20 ~~each such development designated for lower income and very low~~
21 ~~income households is consistent with the requirements of Chapter~~
22 ~~6.7 (commencing with Section 51325), divided by the median~~
23 ~~income, divided by the risk-to-capital ratio required for the~~
24 maintenance of satisfactory credit ratings from nationally
25 recognized credit rating services.

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



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

5 (iii) After 12 months of availability, if more than 50 percent of
6 the funds set aside pursuant to clause (ii) have been encumbered,
7 the agency shall discontinue that program and make all remaining
8 funds available for downpayment assistance pursuant to clause (i).
9 If, however, less than 50 percent of the funds allocated pursuant
10 to clause (ii) are encumbered after that 12-month period, the
11 agency may, at its sole discretion, either make all remaining funds
12 provided pursuant to clause (i) available for the purpose of clause
13 (ii), or may continue to implement clause (ii) until all of the funds
14 allocated for that purpose as of January 1, 2004, have been
15 encumbered.

16 (D) Twenty-five million dollars (\$25,000,000) shall be used
17 for downpayment assistance pursuant to Section 51505. After 18
18 months of availability, if the agency determines that the funds set
19 aside pursuant to this section will not be utilized for purposes of
20 Section 51505, these funds shall be available for the general use
21 of the agency for the purposes of the California Homebuyer's
22 Downpayment Assistance Program, but may also continue to be
23 available for the purposes of Section 51505.

24 (E) Funds not utilized for the purposes set forth in
25 subparagraphs (B) and (C) within 30 months shall revert for
26 general use in the California Homebuyer's Downpayment
27 Assistance Program.

28 (8) One hundred million dollars (\$100,000,000) shall be
29 transferred to the Jobs Housing Improvement Account to be
30 expended as capital grants to local governments for increasing
31 housing pursuant to enabling legislation. If the enabling
32 legislation fails to become law in the 2001–02 Regular Session of
33 the Legislature, the specified allocation for this program shall be
34 void and the funds shall revert for general use in the Multifamily
35 Housing Program as specified in paragraph (1) of subdivision (a).

36 (b) No portion of the money allocated pursuant to this section
37 may be expended for project operating costs, except that this
38 section does not preclude expenditures for operating costs from
39 reserves required to be maintained by or on behalf of the project
40 sponsor.



1 (c) The Legislature may, from time to time, amend the
2 provisions of law related to programs to which funds are, or have
3 been, allocated pursuant to this section for the purpose of
4 improving the efficiency and effectiveness of the program, or for
5 the purpose of furthering the goals of the program.

6 (d) The Bureau of State Audits shall conduct periodic audits to
7 ensure that bond proceeds are awarded in a timely fashion and in
8 a manner consistent with the requirements of this part, and that
9 awardees of bond proceeds are using funds in compliance with
10 applicable provisions of this part.

11 SEC. 17. Section 16 of this bill incorporates amendments to
12 Section 53533 of the Health and Safety Code proposed by both this
13 bill and AB 1475. It shall only become operative if (1) both bills
14 are enacted and become effective on or before January 1, 2004, (2)
15 each bill amends Section 53533 of the Health and Safety Code, and
16 (3) this bill is enacted after AB 1475, in which case Section 15 of
17 this bill shall not become operative.

