

## Assembly Bill No. 304

### CHAPTER 553

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.

[Approved by Governor September 28, 2003. Filed with Secretary of State September 29, 2003.]

#### LEGISLATIVE COUNSEL'S DIGEST

AB 304, 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 are 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 both bills are chaptered and become effective on or before January 1, 2004, and this bill is chaptered last.

Appropriation: yes.

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

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

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

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

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

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

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



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

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

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

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

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

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

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

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

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

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



65995 of the Government Code, notwithstanding Sections 65995.5 and 65995.7 of the Government Code, if all of the following conditions are met:

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

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

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

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

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

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

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

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

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

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

SEC. 3. Section 51505 of the Health and Safety Code is amended to read:

51505. (a) In addition to the downpayment assistance program authorized by Section 51504, and notwithstanding any provision of Section 51504 to the contrary, the agency shall provide downpayment assistance from the funds set aside pursuant to subparagraph (D) of



paragraph (7) of subdivision (a) of Section 53533 for the purposes of the portion of the Extra Credit Teacher Home Purchase Program provided for in subdivision (g) of Section 8869.84 of the Government Code and any other school personnel home ownership assistance programs as set forth by the California Debt Limit Allocation Committee, as operated by the agency. Notwithstanding the foregoing, the agency may, but is not required to, provide downpayment assistance pursuant to this section to any local issuer participating in the Extra Credit Teacher Home Purchase Program and any other school personnel home ownership assistance programs as set forth by the California Debt Limit Allocation Committee.

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

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

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

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

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



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

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

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

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

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

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

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

51642. (a) The obligation of the agency and of the state to pay any insurance benefit pursuant to contracts of insurance insuring loans or bonds shall not exceed amounts deposited in the insurance fund that are made available therefor under the respective contracts of insurance. Nothing in this part shall require the Legislature to appropriate moneys from the General Fund in the State Treasury to the insurance fund on account of these obligations. The insurance of loans or bonds under this part shall not directly, indirectly, or contingently obligate the state or any political subdivision thereof to levy or to pledge any form of taxation whatever therefor or to make any appropriation for their payment.

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

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



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

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

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

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

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

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

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

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

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

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

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

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

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

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



- (1) Households with incomes at or below area median income.
- (2) Households that require mortgages at or above 95 percent of the price of the home.
- (3) Households that are participating in locally administered housing programs.

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

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

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

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

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

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

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

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

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

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

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

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



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

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

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

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

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

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

(f) Loans involving refinancing may be insured only if refinancing is necessary to permit a borrower to afford the cost of rehabilitation, to lower his or her monthly debt-to-income payments, minimize rent increases for occupants of the residential structure, where the rents would otherwise exceed affordable rents due to the expense of rehabilitation, or to achieve another purpose specified in this division.

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

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



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

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

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

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

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

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

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

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

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

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

51670. (a) The agency may insure bonds issued by state or local agencies, or other types of issuers approved by the board of directors of



the agency, to finance or refinance the construction, rehabilitation, acquisition, or preservation of single-family and multifamily residential housing for persons and families of low and moderate income. The agency may charge and collect insurance premiums for the insurance and fees for services performed in conjunction with the processing and approval of insurance applications as determined by the agency. The agency shall take all reasonable steps to ensure that bonds insured pursuant to this chapter are in a form satisfactory to the agency and contain provisions relating to the underlying security for the bonds as may be required by the agency.

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

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

(2) The bonds contain, or are subject to, provisions that the agency deems necessary with respect to security interests of the agency, including provisions relating to subrogation, liens and releases of liens, payment of taxes, escrow or trusteeship requirements, or other matters.

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

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

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

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

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

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



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

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

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

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

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

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

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

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

(3) One hundred ninety-five million dollars (\$195,000,000) shall be transferred to the Housing Rehabilitation Loan Fund to be expended for the Multifamily Housing Program authorized by Chapter 6.7 (commencing with Section 50675) of Part 2, to be used for supportive housing projects for individuals and households moving from emergency shelters or transitional housing or those at risk of homelessness. The criteria for selecting projects should give priority to supportive housing for people with disabilities who would otherwise be at high risk of homelessness where the applications represent



collaboration with programs that meet the needs of the person's disabilities. The department may provide for higher per-unit loan limits as reasonably necessary to provide and maintain rents affordable to those individuals and households. For purposes of this paragraph, "supportive housing" means housing with no limit on length of stay, that is occupied by the target population, as defined in subdivision (d) of Section 53260, and that is linked to onsite or offsite services that assist the tenant to retain the housing, improve his or her health status, maximize his or her ability to live, and, when possible, work in the community.

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

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

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

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

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



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

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

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

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

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

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

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

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



moneys as often as quarterly in amounts that shall not exceed the dollar amount of new insurance written by the agency during the preceding quarter for loans for the purchase of homes made to owner-occupant borrowers with incomes not exceeding 120 percent of the area median income, divided by the risk-to-capital ratio required for the maintenance of satisfactory credit ratings from nationally recognized credit rating services.

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

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

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

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

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



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

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

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

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

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

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

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

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

(B) Twenty million dollars (\$20,000,000) shall be used for nonresidential space for supportive services, including, but not limited to, job training, health services, and child care within, or immediately proximate to, projects to be funded under the Multifamily Housing Program. This funding shall be in addition to any applicable per-unit or project loan limits and may be in the form of a grant. Service providers



shall ensure that services are available to project residents on a priority basis over the general public.

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

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

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

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

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

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

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

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

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

(3) One hundred ninety-five million dollars (\$195,000,000) shall be transferred to the Housing Rehabilitation Loan Fund to be expended for supportive housing projects under the Multifamily Housing Program authorized by Chapter 6.7 (commencing with Section 50675) of Part 2,



to serve individuals and households moving from emergency shelters or transitional housing or those at risk of homelessness.

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

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

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

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

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

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

(B) Five million dollars (\$5,000,000) shall be used to provide grants to cities, counties, cities and counties, and nonprofit organizations to provide grants for lower income tenants with disabilities for the purpose of making exterior modifications to rental housing in order to make that



housing accessible to persons with disabilities. For the purposes of this subparagraph, “exterior modifications” includes modifications that are made to entryways or to common areas of the structure or property. The program provided for under this subparagraph shall not be subject to the requirements of Chapter 3.5 (commencing with Section 11340) of Part 1 of Title 2 of the Government Code.

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

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

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

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

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

(B) Eighty-five million dollars (\$85,000,000) shall be transferred to the California Housing Loan Insurance Fund to be used for purposes of Part 4 (commencing with Section 51600). The agency may transfer these moneys as often as quarterly in amounts that shall not exceed the dollar amount of new insurance written by the agency during the preceding quarter for loans for the purchase of homes made to owner-occupant borrowers with incomes not exceeding 120 percent of the area median income, divided by the risk-to-capital ratio required for the maintenance of satisfactory credit ratings from nationally recognized credit rating services.



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

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

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

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

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

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



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

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

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

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

