AMENDED IN ASSEMBLY APRIL 21, 2009

california legislature—2009–10 regular session

ASSEMBLY BILL No. 1556

Introduced by Committee on Jobs, Economic Development, and the Economy (V. Manuel Perez (Chair), Beall, Block, Huber, and Salas)

March 11, 2009

An act to amend Section 50826 of the Health and Safety Code, relating to community development.

legislative counsel's digest

AB 1556, as amended, Committee on Jobs, Economic Development, and the Economy. Community development: grants.

Existing law requires the Department of Housing and Community Development to allocate funds under the federal Community Development Block Grant Program to cities and counties.

This bill would define the term "qualified financial intermediary" for purposes of this program. *The bill would also require any grantee who receives a Community Development Block Grant Program grant from the department to use a qualified financial intermediary to provide for loan underwriting required by and conforming to specified state and federal guidelines.*

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

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

SECTION 1. Section 50826 of the Health and Safety Code is amended to read:

50826. As used in this chapter:

(a) "Eligible city or county" means an area that is not a metropolitan city or part of an urban county, as defined by paragraphs (4) and (6), respectively, of subsection (a) of Section 5302 of Title 42 of the United States Code.

(b) "NOFA" means notice of funding availability, a public announcement that an estimated amount of funding will be awarded by a department program according to specified criteria and schedules.

~~(c) "Qualified financial intermediary" means a nonprofit organization certified by the department to administer small business land and grant programs for one or more eligible city or county jurisdictions.~~

(c) (1) "Qualified financial intermediary" means either of the following:

(A) A nonprofit or governmental organization certified by the department to administer and manage small business Community Development Block Grant Program loan and grant programs for one or more eligible city or county jurisdictions.

(B) A financial development corporation established under the California Small Business Financial Development Corporation Law (Chapter 1 (commencing with Section 14000) of Part 5 of Division 3 of the Corporations Code) that has direct lending experience.

(2) Any grantee who receives a Community Development Block Grant Program grant from the department shall use a qualified financial intermediary to provide for loan underwriting required by and conforming to the Department of Housing and Community Development and United States Department of Housing and Urban Development guidelines. The qualified financial intermediary should have knowledge of community-based and economic development lending programs.

(d) "Persons and families of low or moderate income" means persons and families whose income does not exceed 80 percent of the area median income, adjusted for family size, as determined pursuant to regulations adopted by the department.

(e) "Program" means the State Community Development Block Grant Program created pursuant to federal law (42 U.S.C. 5301, et seq.).

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