

AMENDED IN ASSEMBLY APRIL 27, 2010

AMENDED IN ASSEMBLY APRIL 8, 2010

CALIFORNIA LEGISLATURE—2009–10 REGULAR SESSION

ASSEMBLY BILL

No. 2536

Introduced by Assembly Member John A. Perez

February 19, 2010

An act to amend ~~Section~~ *Sections 53533 and 53545* of the Health and Safety Code, relating to housing.

LEGISLATIVE COUNSEL'S DIGEST

AB 2536, as amended, John A. Perez. Housing and Emergency Shelter Trust Fund ~~Act Acts of 2002 and 2006~~: supportive housing.

The Housing and Emergency Shelter Trust Fund ~~Act Acts of 2002 and 2006~~, adopted and approved by the voters at the November 7, 2006, statewide general election, authorized the issuance of bonds in the amount of \$2,850,000,000 pursuant to the State General Obligation Bond Law *to fund various housing programs administered by the Department of Housing and Community Development*. Under the ~~act~~, \$50,000,000 ~~is acts~~, *specified amounts of funds* are transferred to the Emergency Housing and Assistance Fund to be distributed in the form of capital development grants under the Emergency Housing and Assistance Program.

This bill would require that the funds transferred to the Emergency Housing and Assistance Fund *pursuant to both acts* also be made available for supportive housing purposes, as specified.

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

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

1 SECTION 1. Section 53533 of the Health and Safety Code is
2 amended to read:

3 53533. (a) Moneys deposited in the fund from the sale of bonds
4 pursuant to this part shall be allocated for expenditure in
5 accordance with the following schedule:

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

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

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

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

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

32 (i) The department shall give first priority for projects on land
33 owned by a University of California or California State University
34 campus. Second priority shall be given to projects located within
35 one mile of a University of California or California State University
36 campus that is suffering from a severe shortage of housing and
37 limited availability of developable land as determined by the
38 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 (3) of subdivision (a) of Section 50898.1.

(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 *and for supportive housing purposes specified in paragraph (3).*

(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 moneys allocated by this subparagraph, the department shall receive fifteen million dollars (\$15,000,000) for these purposes subject to the following conditions and requirements:

(i) The amount available to the department as a recipient shall be limited to ten million seven hundred thousand dollars (\$10,700,000) prior to September 1, 2006. The department may receive up to four million three hundred thousand dollars (\$4,300,000) in additional funds after that date and prior to July 1, 2007, to the extent that unencumbered funds are available.

(ii) The department shall make at least eight million one hundred fifty-nine thousand dollars (\$8,159,000) available for flexible loans and grants for projects that serve migratory agricultural workers pursuant to subdivision (a) of Section 50517.10. These funds shall be available for encumbrance until September 1, 2006.

(iii) Any funds allocated by this subparagraph remaining unencumbered on July 1, 2007, shall revert for general use in the Joe Serna, Jr. Farmworker Housing Grant Program.

(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) Except as provided in subparagraph (A), 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.

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

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

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

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

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

30 (6) Five million dollars (\$5,000,000) shall be transferred to the
31 Housing Rehabilitation Loan Fund to be expended for capital
32 expenditures in support of local code enforcement and compliance
33 programs. This allocation shall not be subject to Chapter 3.5
34 (commencing with Section 11340) of Part 1 of Title 2 of the
35 Government Code. If the moneys allocated pursuant to this
36 paragraph are not expended within three years after being
37 transferred, the department may, in its discretion, transfer the
38 moneys to the Housing Rehabilitation Loan Fund to be expended
39 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 home buyers who, as documented to the agency by a nonprofit organization certified and funded to provide home ownership counseling by a federally funded national nonprofit corporation, are purchasing a residence in a community revitalization area targeted by the nonprofit organization and who have received home ownership 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 home ownership 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 sale price.

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

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

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

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

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

36 (c) The Legislature may, from time to time, amend the
37 provisions of law related to programs to which funds are, or have
38 been, allocated pursuant to this section for the purpose of
39 improving the efficiency and effectiveness of the program, or for
40 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 this part, and that awardees of bond proceeds are using funds in compliance with applicable provisions of this part.

~~SECTION 1.~~

SEC. 2. Section 53545 of the Health and Safety Code is amended to read:

53545. The Housing and Emergency Shelter Trust Fund of 2006 is hereby created in the State Treasury. The Legislature intends that the proceeds of bonds deposited in the fund shall be used to fund the housing-related programs described in this chapter over the course of the next decade. The proceeds of bonds issued and sold pursuant to this part for the purposes specified in this chapter shall be allocated in the following manner:

(a) (1) One billion five hundred million dollars (\$1,500,000,000) to be deposited in the Affordable Housing Account, which is hereby created in the fund. Notwithstanding Section 13340 of the Government Code, the money in the account shall be continuously appropriated in accordance with the following schedule:

(A) (i) Three hundred forty-five million dollars (\$345,000,000) 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. The priorities specified in Section 50675.13 shall apply to the expenditure of funds pursuant to this clause.

(ii) Fifty million dollars (\$50,000,000) shall be transferred to the Housing Rehabilitation Loan Fund to be expended under the Multifamily Housing Program authorized by Chapter 6.7 (commencing with Section 50675) of Part 2 for housing meeting the definitions in paragraphs (2) and (3) of subdivision (e) of Section 11139.3 of the Government Code. The department may provide higher per-unit loan limits as necessary to achieve affordable housing costs to the target population. Any funds not encumbered for the purposes of this clause by July 31, 2011, shall revert for general use in the Multifamily Housing Program unless the department determines that funds should revert sooner due to diminished demand.

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

1 be expended for the Multifamily Housing Program authorized by
2 Chapter 6.7 (commencing with Section 50675) of Part 2, to be
3 used for supportive housing for individuals and households moving
4 from emergency shelters or transitional housing or those at risk of
5 homelessness. The Department of Housing and Community
6 Development shall provide for higher per-unit loan limits as
7 reasonably necessary to achieve housing costs affordable to those
8 individuals and households. For purposes of this subparagraph,
9 “supportive housing” means housing with no limit on length of
10 stay, that is occupied by the target population, as defined in
11 subdivision (d) of Section 53260, and that is linked to onsite or
12 offsite services that assist the tenant to retain the housing, improve
13 his or her health status, maximize his or her ability to live, and,
14 when possible, work in the community. The criteria for selecting
15 projects shall give priority to:

16 (i) Supportive housing for people with disabilities who would
17 otherwise be at high risk of homelessness where the applications
18 represent collaboration with programs that meet the needs of the
19 person’s disabilities.

20 (ii) Projects that demonstrate funding commitments from local
21 governments for operating subsidies or services funding, or both,
22 for five years or longer.

23 (C) One hundred thirty-five million dollars (\$135,000,000) shall
24 be transferred to the fund created by subdivision (b) of Section
25 50517.5 to be expended for the programs authorized by Chapter
26 3.2 (commencing with Section 50517.5) of Part 2.

27 (D) Three hundred million dollars (\$300,000,000) shall be
28 transferred to the Self-Help Housing Fund created by Section
29 50697.1. These funds shall be available to the Department of
30 Housing and Community Development, to be expended for the
31 purposes of enabling households to become or remain homeowners
32 pursuant to the CalHome Program authorized by Chapter 6
33 (commencing with Section 50650) of Part 2, except ten million
34 dollars (\$10,000,000) shall be expended for construction
35 management under the California Self-Help Housing Program
36 pursuant to subdivision (b) of Section 50696.

37 (E) Two hundred million dollars (\$200,000,000) shall be
38 transferred to the Self-Help Housing Fund created by Section
39 50697.1. These funds shall be available to the California Housing
40 Finance Agency, to be expended for the purposes of the California

1 Homebuyer's Downpayment Assistance Program authorized by
2 Chapter 11 (commencing with Section 51500) of Part 3. Up to one
3 hundred million dollars (\$100,000,000) of these funds may be
4 expended pursuant to subdivision (b) of Section 51504.

5 (F) One hundred million dollars (\$100,000,000) shall be
6 transferred to the Affordable Housing Innovation Fund, which is
7 hereby created in the State Treasury, to be administered by the
8 Department of Housing and Community Development. Funds shall
9 be expended for competitive grants or loans to sponsoring entities
10 that develop, own, lend, or invest in affordable housing and used
11 to create pilot programs to demonstrate innovative, cost-saving
12 approaches to creating or preserving affordable housing. Specific
13 criteria establishing eligibility for and use of the funds shall be
14 established in statute as approved by a $\frac{2}{3}$ vote of each house of
15 the Legislature. Any funds not encumbered for the purposes set
16 forth in this subparagraph within 30 months of availability shall
17 revert to the Self-Help Housing Fund created by Section 50697.1
18 and shall be available for the purposes described in subparagraph
19 (D).

20 (G) One hundred twenty-five million dollars (\$125,000,000)
21 shall be transferred to the Building Equity and Growth in
22 Neighborhoods Fund to be used for the Building Equity and
23 Growth in Neighborhoods (BEGIN) Program pursuant to Chapter
24 14.5 (commencing with Section 50860) of Part 1. Any funds not
25 encumbered for the purposes set forth in this subparagraph by
26 November 17, 2011, shall revert for general use in the CalHome
27 Program unless the department determines that funds should revert
28 sooner due to diminished demand.

29 (H) Fifty million dollars (\$50,000,000) shall be transferred to
30 the Emergency Housing and Assistance Fund for both of the
31 following purposes:

32 (i) Distribution of capital development grants under the
33 Emergency Housing and Assistance Program authorized by Chapter
34 11.5 (commencing with Section 50800) of Part 2 of Division 31.
35 The funds shall be administered by the Department of Housing
36 and Community Development in a manner consistent with the
37 restrictions and authorizations contained in Provision 3 of Item
38 2240-105-0001 of the Budget Act of 2000, except that any
39 appropriations in that item shall not apply. The competitive system
40 used by the department shall incorporate priorities set by the

1 designated local boards and their input as to the relative merits of
2 submitted applications from within the designated local board's
3 county in relation to those priorities. In addition, the funding
4 limitations contained in this section shall not apply to the
5 appropriation in that budget item.

6 (ii) The availability of funds for supportive housing purposes
7 specified in subparagraph (B).

8 (2) The Legislature may, from time to time, amend the
9 provisions of law related to programs to which funds are, or have
10 been, allocated pursuant to this subdivision for the purpose of
11 improving the efficiency and effectiveness of the program, or for
12 the purpose of furthering the goals of the program.

13 (3) The Bureau of State Audits shall conduct periodic audits to
14 ensure that bond proceeds are awarded in a timely fashion and in
15 a manner consistent with the requirements of this subdivision, and
16 that awardees of bond proceeds are using funds in compliance with
17 applicable provisions of this subdivision. The first audit shall be
18 conducted no later than one year from voter approval of this part.

19 (4) In its annual report to the Legislature, the Department of
20 Housing and Community Development shall report how funds that
21 were made available pursuant to this subdivision and allocated in
22 the prior year were expended. The department shall make the report
23 available to the public on its Internet Web site.

24 (b) Eight hundred fifty million dollars (\$850,000,000) shall be
25 deposited in the Regional Planning, Housing, and Infill Incentive
26 Account, which is hereby created in the fund. Funds in the account
27 shall be available, upon appropriation by the Legislature, and
28 subject to such other conditions and criteria as the Legislature may
29 provide in statute, for the following purposes:

30 (1) For infill incentive grants for capital outlay related to infill
31 housing development and other related infill development,
32 including, but not limited to, all of the following:

33 (A) No more than two hundred million dollars (\$200,000,000)
34 for park creation, development, or rehabilitation to encourage infill
35 development.

36 (B) Water, sewer, or other public infrastructure costs associated
37 with infill development.

38 (C) Transportation improvements related to infill development
39 projects.

40 (D) Traffic mitigation.

1 (2) For brownfield cleanup that promotes infill housing
2 development and other related infill development consistent with
3 regional and local plans.

4 (c) Three hundred million dollars (\$300,000,000) to be deposited
5 in the Transit-Oriented Development Account, which is hereby
6 created in the fund, for transfer to the Transit-Oriented
7 Development Implementation Fund, for expenditure, upon
8 appropriation by the Legislature, pursuant to the Transit-Oriented
9 Development Implementation Program authorized by Part 13
10 (commencing with Section 53560).

11 (d) Two hundred million dollars (\$200,000,000) shall be
12 deposited in the Housing Urban-Suburban-and-Rural Parks
13 Account, which is hereby created in the fund. Funds in the account
14 shall be available upon appropriation by the Legislature for
15 housing-related parks grants in urban, suburban, and rural areas,
16 subject to the conditions and criteria that the Legislature may
17 provide in statute.