

AMENDED IN ASSEMBLY APRIL 8, 1999

CALIFORNIA LEGISLATURE—1999–2000 REGULAR SESSION

ASSEMBLY BILL

No. 398

Introduced by Assembly Member Migden

February 12, 1999

An act to amend Sections 50661 and 50740 of, and to add Part 11 (commencing with Section 53500) to Division 31 of, the Health and Safety Code, relating to financing housing programs by providing the funds necessary therefor through the issuance and sale of bonds of the State of California and by providing for the handling and disposition of those funds.

LEGISLATIVE COUNSEL'S DIGEST

AB 398, as amended, Migden. Housing ~~and Homeless~~ Bond Act of 2000.

Under existing law, there are programs providing assistance for the ~~construction and~~ rehabilitation of *existing housing, the development of, and assistance for*, low-income rental housing, ~~migrant farm labor centers and other the construction or rehabilitation of~~ farmworker housing, emergency housing and assistance to homeless persons, and ~~predevelopment and land purchase loans for low-income housing in rural areas and assistance for first-time homebuyers.~~

This bill would enact the Housing ~~and Homeless~~ Bond Act of 2000 which, if adopted, would authorize, for purposes of financing those existing housing programs *and for additional specified housing purposes*, the issuance of bonds in an

unspecified amount up to \$750,000,000 pursuant to the State General Obligation Bond Law.

Vote: ²/₃. 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 50661 of the Health and Safety*
2 *Code is amended to read:*

3 ~~50661. (a) There is hereby created in the State~~
4 ~~Treasury the~~ *The Housing Rehabilitation Loan Fund is*
5 *hereby renamed the Housing Rehabilitation Loan*
6 *Account in the Rental Housing Program Fund which is*
7 *established pursuant to Section 53535. Any reference in*
8 *statute to the Housing Rehabilitation Loan Fund shall be*
9 *deemed to refer to the Housing Rehabilitation Loan*
10 *Account. All interest or other increments resulting from*
11 *the investment of moneys in the Housing Rehabilitation*
12 ~~Loan Fund—Account~~ *shall be deposited in the fund*
13 *account, notwithstanding Section 16305.7 of the*
14 *Government Code. Notwithstanding Section 13340 of the*
15 *Government Code, all money in the fund account is*
16 *continuously appropriated to the department for the*
17 *following purposes:*

18 (1) For making deferred-payment rehabilitation loans
19 for financing all or a portion of the cost of rehabilitating
20 existing housing to meet rehabilitation standards as
21 provided in this chapter.

22 (2) For making deferred payment loans as provided in
23 Sections 50668.5, 50669, and 50670.

24 (3) For making deferred payment loans pursuant to
25 Sections 50662.5 and 50671.

26 (4) Subject to the restrictions of Section 53131, if
27 applicable, for administrative expenses of the
28 department made pursuant to this chapter, Article 3
29 (commencing with Section 50693) of Chapter 7.5, and
30 Chapter 10 (commencing with Section 50775).

31 (5) For related administrative costs of nonprofit
32 corporations and local public entities contracting with
33 the department pursuant to Section 50663 in an amount,



1 if any, as determined by the department, to enable the
2 entities and corporations to implement a program
3 pursuant to this chapter. The department shall ensure
4 that not less than 20 percent of the funds loaned pursuant
5 to this chapter shall be allocated to rural areas. For
6 purposes of this chapter “rural area” shall have the same
7 meaning as in Section 50199.21.

8 (b) There shall be paid into the ~~fund~~—*account* the
9 following:

10 (1) Any moneys appropriated and made available by
11 the Legislature for purposes of the ~~fund~~—*account*.

12 (2) Any moneys that the department receives in
13 repayment of loans made from the ~~fund~~—*account*,
14 including any interest thereon.

15 (3) Any other moneys that may be made available to
16 the department for the purposes of this chapter from any
17 other source or sources.

18 (4) Moneys transferred or deposited to the ~~fund~~
19 *account* pursuant to Sections 50661.5 and 50778.

20 (c) Notwithstanding any other provision of law, any
21 interest or other increment earned by the investment or
22 deposit of moneys appropriated by subdivision (b) of
23 Section 3 of Chapter 2 of the Statutes of the 1987–88 First
24 Extraordinary Session, or Section 7 of Chapter 4 of the
25 Statutes of the 1987–88 First Extraordinary Session, shall
26 be deposited in a ~~special—account—subaccount~~ in the
27 Housing Rehabilitation Loan ~~Fund—Account~~ and shall be
28 used exclusively for purposes of Sections 50662.5 and
29 50671.

30 (d) Notwithstanding any other provision of law,
31 effective with the date of the act adding this subdivision,
32 appropriations authorized by the Budget Act of 1996 for
33 support of the Department of Housing and Community
34 Development from the California Disaster Housing
35 Repair Fund and the California Homeownership
36 Assistance Fund shall instead be authorized for
37 expenditure from the Housing Rehabilitation Loan ~~Fund~~
38 *Account*.

39 *SEC. 2. Section 50740 of the Health and Safety Code*
40 *is amended to read:*



1 50740. (a) The ~~Rental Housing Construction~~
 2 ~~Incentive Fund~~ established in the State Treasury is
 3 hereby renamed the Rental Housing Construction Fund
 4 is hereby renamed the Rental Housing Construction
 5 Account in the Rental Housing Program Fund which is
 6 established pursuant to Section 53535. Any reference in
 7 a statute to the Rental Housing Construction Fund shall
 8 be deemed to refer to the Rental Housing Construction
 9 Account, and a reference to any account in the Rental
 10 Housing Construction Fund shall be deemed a reference
 11 to a subaccount in the Rental Housing Construction
 12 Account. Notwithstanding Section 13340 of the
 13 Government Code, all money in the ~~fund~~ account is
 14 hereby continuously appropriated to the Department of
 15 Housing and Community Development, and, except as
 16 provided in subdivisions (b) and (c), shall be utilized for
 17 purposes of this chapter and for the purposes of Section
 18 50775.5, Chapter 3.2 (commencing with Section 50517.5),
 19 Chapter 3.5 (commencing with Section 50530), and
 20 Chapter 15 (commencing with Section 50880). All
 21 interest or other increment resulting from investment or
 22 deposit of moneys in the ~~fund~~ account shall be deposited
 23 in the ~~fund~~ account, notwithstanding Section 16305.7 of
 24 the Government Code. Moneys in the ~~fund~~ account shall
 25 not be subject to transfer to any ~~other~~ fund other than the
 26 Rental Housing Program Fund pursuant to Part 2
 27 (commencing with Section 16300) of Division 4 of Title
 28 2 of the Government Code, except the Surplus Money
 29 Investment Fund.

30 (b) Money from the fund utilized by the agency for
 31 development costs—~~which~~ that was repaid to the agency
 32 or disencumbered between June 30, 1982, and June 30,
 33 1983, and any additional funds or interest ~~which~~ that is
 34 available for encumbrance on June 30, 1983, shall be
 35 deposited in a separate—~~account~~ subaccount in the ~~fund~~
 36 account and utilized as follows:

37 (1) Eight million one hundred thousand dollars
 38 (\$8,100,000) shall be utilized by the agency for activities
 39 authorized by Article 4.5 (commencing with Section
 40 51180) of Chapter 5 of Part 3.



1 (2) Five hundred thousand dollars (\$500,000) shall be
2 transferred by the agency to the department for deposit
3 in the Rural Community Facility Grant Fund, established
4 pursuant to Section 6125, and utilized to carry out the
5 program established by Chapter 11 (commencing with
6 Section 6120) of Part 3 of Division 5.

7 (3) Three million dollars (\$3,000,000) shall be
8 transferred by the agency to the department and
9 deposited in the Housing Rehabilitation Loan Fund,
10 established pursuant to Section 50661, and utilized for
11 making deferred payment loans for residential hotels as
12 authorized by subdivision (b) of Section 50661 and for
13 purposes of subdivision (c) of Section 50661.

14 (4) One million seven hundred thousand dollars
15 (\$1,700,000) shall be transferred by the agency to the
16 department for deposit in the Emergency Housing and
17 Assistance Fund, established pursuant to Section 50800.

18 (5) Two million five hundred thousand dollars
19 (\$2,500,000) shall be transferred by the agency to the
20 Trustees of the California State University for deposit in
21 the Affordable Student Housing Revolving Fund,
22 established pursuant to Section 90087 of the Education
23 Code, and utilized to carry out the program established
24 by Article 3 (commencing with Section 90085) of Chapter
25 8 of Part 55 of the Education Code.

26 (6) Three hundred thousand dollars (\$300,000) shall
27 be transferred by the agency to the department and
28 utilized to carry out the program established by Chapter
29 3.6 (commencing with Section 50533).

30 (7) Four million two hundred thousand dollars
31 (\$4,200,000) shall be transferred by the agency to the
32 department for deposit in the annuity fund, established
33 pursuant to Section 50738.5, and utilized for the purposes
34 authorized by that section.

35 (c) An amount not to exceed four million dollars
36 (\$4,000,000) of the moneys from the ~~fund~~ *account* utilized
37 by the agency for development costs which is repaid to
38 the agency or disencumbered on or after July 1, 1983, shall
39 be deposited in the separate ~~account~~ *subaccount*
40 established pursuant to subdivision (b) and utilized and



1 apportioned in accordance with the following
2 percentages as it becomes available:

3 (1) Fifty percent of the moneys shall be transferred by
4 the agency to the department and deposited in the
5 Housing Rehabilitation Loan ~~Fund~~ *Account*, established
6 pursuant to Section 50661, and utilized for the purposes
7 specified in paragraph (3) of subdivision (b).

8 (2) Twenty-five percent of the moneys shall be
9 transferred by the agency to the department for deposit
10 in the Emergency Housing and Assistance Fund,
11 established pursuant to Section 50800, and utilized for the
12 purposes specified in paragraph (4) of subdivision (b).

13 (3) Twenty-five percent of the moneys shall be
14 transferred by the agency to the department for deposit
15 in the annuity fund, established pursuant to Section
16 50738.5, and utilized for the purposes specified in
17 paragraph (7) of subdivision (b).

18 (d) Notwithstanding any other provision of law,
19 effective with the date of the act adding this subdivision,
20 appropriations authorized for support of the ~~Department~~
21 ~~of Housing and Community Development~~ *department*
22 from the Family Housing Demonstration Account and
23 the Urban Predevelopment Loan Fund shall instead be
24 authorized for expenditure from the Rental Housing
25 ~~Construction-Fund~~ *Account*.

26 SEC. 3. Part 11 (commencing with Section 53500) is
27 added to Division 31 of the Health and Safety Code, to
28 read:

29

30 PART 11. HOUSING ~~AND HOMELESS~~ BOND ACT
31 OF 2000

32

33 CHAPTER 1. GENERAL PROVISIONS

34

35 53500. This part shall be known and may be cited as
36 the Housing ~~and Homeless~~ Bond Act of 2000.

37 53501. As used in this part, the following terms have
38 the following meanings:

39 (a) "Committee" means the Housing and Homeless
40 Finance Committee created pursuant to Section 53524.



1 (b) "Fund" means the Home Building and
2 Rehabilitation Fund created pursuant to Section 53520.

3
4 CHAPTER 2. HOME BUILDING AND REHABILITATION FUND
5

6 53520. The proceeds of bonds issued and sold
7 pursuant to this part shall be deposited in the Home
8 Building and Rehabilitation Fund, which is hereby
9 created. Moneys in the fund shall be allocated and
10 utilized in accordance with Chapter 4 (commencing with
11 Section 53533).

12
13 CHAPTER 3. FISCAL PROVISIONS
14

15 53521. Bonds in the total amount of
16 (~~\$~~) *seven hundred fifty million dollars*
17 (*\$750,000,000*), or so much thereof as is necessary, may be
18 issued and sold to provide a fund to be used for carrying
19 out the purposes expressed in this part and to be used to
20 reimburse the General Obligation Bond Expense
21 Revolving Fund pursuant to Section 16724.5 of the
22 Government Code. The bonds, when sold, shall be and
23 constitute a valid and binding obligation of the State of
24 California, and the full faith and credit of the State of
25 California is hereby pledged for the punctual payment of
26 both principal of, and interest on, the bonds as the
27 principal and interest become due and payable.

28 53522. Any bonds issued and sold pursuant to this part
29 may be refunded by the issuance of refunding bonds in
30 accordance with Article 6 (commencing with Section
31 16780) of Chapter 4 of Part 3 of Division 2 of Title 2 of the
32 Government Code. Approval by the electors of the state
33 for the issuance of these bonds shall include the approval
34 of the issuance of any bonds issued to refund any bonds
35 originally issued or any previously issued refunding
36 bonds.

37 53523. The bonds authorized by this part shall be
38 prepared, executed, issued, sold, paid, and redeemed as
39 provided in the State General Obligation Bond Law
40 (Chapter 4 (commencing with Section 16720) of Part 3 of



1 Division 4 of Title 2 of the Government Code), and all of
2 the provisions of that law apply to the bonds and to this
3 part and are hereby incorporated in this part as though
4 set forth in full in this part.

5 53524. (a) Solely for the purpose of authorizing the
6 issuance and sale, pursuant to the State General
7 Obligation Bond Law, of the bonds authorized by this
8 part, the Housing ~~and Homeless~~ Finance Committee is
9 hereby created. For purposes of this part, the Housing
10 ~~and Homeless~~ Finance Committee is “the committee” as
11 that term is used in the State General Obligation Bond
12 Law. The committee consists of the Controller, the
13 Treasurer, the Director of Finance, the Director of the
14 Department of Housing and Community Development,
15 and the Executive Director of the California Housing
16 Finance Agency, or their designated representatives. A
17 majority of the committee may act for the committee.

18 (b) For purposes of the State General Obligation Bond
19 Law, the Department of Housing and Community
20 Development is designated the “board” for programs
21 administered by the department, and the California
22 Housing Finance Agency is the “board” for programs
23 administered by the agency.

24 53525. The committee shall determine whether or
25 not it is necessary or desirable to issue bonds authorized
26 pursuant to this part in order to carry out the actions
27 specified in Chapter 4 (commencing with Section 53533)
28 and, if so, the amount of bonds to be issued and sold.
29 Successive issues of bonds may be authorized and sold to
30 carry out those actions progressively, and it is not
31 necessary that all of the bonds authorized to be issued be
32 sold at any one time.

33 53526. There shall be collected each year and in the
34 same manner and at the same time as other state revenue
35 is collected, in addition to the ordinary revenues of the
36 state, a sum in an amount required to pay the principal
37 of, and interest on, the bonds each year, and it is the duty
38 of all officers charged by law with any duty in regard to
39 the collection of the revenue to do and perform each and
40 every act that is necessary to collect that additional sum.



1 53527. Notwithstanding Section 13340 of the
2 Government Code, there is hereby appropriated from
3 the General Fund in the State Treasury, for the purposes
4 of this part, an amount that will equal the total of the
5 following:

6 (a) The sum annually necessary to pay the principal of,
7 and interest on, bonds issued and sold pursuant to this
8 part, as the principal and interest become due and
9 payable.

10 (b) The sum which is necessary to carry out the
11 provisions of Section 53528, appropriated without regard
12 to fiscal years.

13 53528. For the purposes of carrying out this part, the
14 Director of Finance may authorize the withdrawal from
15 the General Fund of an amount or amounts not to exceed
16 the amount of the unsold bonds that have been
17 authorized by the committee to be sold for the purpose
18 of carrying out this part. Any amounts withdrawn shall be
19 deposited in the fund. Any money made available under
20 this section shall be returned to the General Fund from
21 money received from the sale of bonds for the purpose of
22 carrying out this part.

23 53529. Notwithstanding any other provision of this
24 ~~bond-act part~~, or of the State General Obligation Bond
25 Law (Chapter 4 (commencing with Section 16720) of
26 Part 3 of Division 4 of Title 2 of the Government Code),
27 if the Treasurer sells bonds pursuant to this ~~bond-act part~~
28 that include a bond counsel opinion to the effect that the
29 interest on the bonds is excluded from gross income for
30 federal tax purposes under designated conditions, the
31 Treasurer may maintain separate accounts for the bond
32 proceeds invested and the investment earnings on those
33 proceeds, and may use or direct the use of those proceeds
34 or earnings to pay any rebate, penalty, or other payment
35 required under federal law, or take any other action with
36 respect to the investment and use of those bond proceeds,
37 as may be required or desirable under federal law in
38 order to maintain the tax-exempt status of those bonds
39 and to obtain any other advantage under federal law on
40 behalf of the funds of this state.



1 53530. The board may request the Pooled Money
 2 Investment Board to make a loan from the Pooled Money
 3 Investment Account, in accordance with Section 16312 of
 4 the Government Code, for the purposes of carrying out
 5 this part. The amount of the request shall not exceed the
 6 amount of unsold bonds that the committee has by
 7 resolution authorized to be sold for the purpose of
 8 carrying out this part. The board shall execute any
 9 documents that are required by the Pooled Money
 10 Investment Board to obtain and repay the loan. Any
 11 amounts loaned shall be deposited in the fund to be
 12 allocated by the board in accordance with this part.

13 53531. All money deposited in the fund that is derived
 14 from premium and accrued interest on bonds sold shall
 15 be reserved in the fund and shall be available for transfer
 16 to the General Fund as a credit to expenditures for bond
 17 interest.

18 53532. The Legislature hereby finds and declares that,
 19 inasmuch as the proceeds from the sale of bonds
 20 authorized by this part are not “proceeds of taxes” as that
 21 term is used in Article XIII B of the California
 22 Constitution, the disbursement of these proceeds is not
 23 subject to the limitations imposed by that article.

24

CHAPTER 4. ALLOCATION OF HOUSING BOND REVENUES

25

26
 27 53533. (a) Moneys deposited in the Home Building
 28 and Rehabilitation Fund from the sale of bonds pursuant
 29 to this part shall be allocated for expenditure in
 30 accordance with the following schedule:

31 ~~(1) _____ dollars (\$____) shall be transferred to~~
 32 ~~the Rental Housing Construction Fund to be expended~~
 33 ~~for the programs authorized by Chapter 9 (commencing~~
 34 ~~with Section 50735) of Part 1, except Sections 50738.5 and~~
 35 ~~50745.1.~~

36 ~~(2) _____ dollars (\$____) shall be transferred to~~
 37 ~~the Housing Rehabilitation Loan Fund to be expended~~
 38 ~~for the purpose of making deferred payment loans to~~
 39 ~~acquire and rehabilitate rental housing developments to~~



1 ~~be occupied by eligible households of very low and low~~
2 ~~income pursuant to Section 50670.~~

3 ~~(3) _____ dollars (\$____)~~

4 ~~(1) Five hundred fifty million dollars (\$550,000,000)~~
5 ~~shall be transferred to the Rental Housing Program Fund~~
6 ~~to be expended for the construction of new housing and~~
7 ~~the rehabilitation, preservation, and code enforcement of~~
8 ~~existing multifamily affordable housing units pursuant to~~
9 ~~Section 53535.~~

10 ~~(2) One hundred fifty million dollars (\$150,000,000)~~
11 ~~shall be transferred to the Home Purchase Assistance~~
12 ~~Fund to be expended for the programs authorized by~~
13 ~~Chapter 6.8 (commencing with Section 51341) of Part 3.~~

14 ~~(3) Fifty million dollars (\$50,000,000) shall be~~
15 ~~transferred to the department for the Farmworker~~
16 ~~Housing Grant Program authorized by Chapter 3.2~~
17 ~~(commencing with Section 50517.5) of Part 2.~~

18 ~~(4) _____ dollars (\$____) shall be transferred to~~
19 ~~the department for expenditure for the development of~~
20 ~~migrant farm labor centers authorized by Chapter 8.5~~
21 ~~(commencing with Section 50710) of Part 2.~~

22 ~~(5) _____ dollars (\$____) shall be transferred to~~
23 ~~the Emergency Housing and Assistance Fund to be~~
24 ~~expended for the programs authorized by Chapter 11.5~~
25 ~~(commencing with Section 50800) of Part 2.~~

26 ~~(6) _____ dollars (\$____) shall be transferred to~~
27 ~~the Rural Predevelopment Loan Fund to be expended~~
28 ~~for predevelopment activities authorized by Chapter 3.1~~
29 ~~(commencing with Section 50515) of Part 2.~~

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

35 (c) Notwithstanding any other provision of law, a
36 federally recognized California Indian tribe shall be an
37 eligible sponsor for all funding provisions of this part.
38



CHAPTER 5. THE RENTAL HOUSING PROGRAM FUND

53535. There is hereby created in the State Treasury the Rental Housing Program Fund. This fund shall contain the Housing Rehabilitation Loan Account established in Section 50661 and the Rental Housing Construction Account established in Section 50740. Notwithstanding Section 13340 of the Government Code, all moneys in the Rental Housing Program Fund are continuously appropriated to the department for the purposes of the construction of new housing and for rehabilitation, preservation, and code enforcement, including, but not limited to, the purposes described in Sections 50661 and 50740.

SEC. 2.—

SEC. 4. Section 1 of this act shall take effect upon the adoption by the voters of the Housing and Homeless Bond Act of 2000, as set forth in Section 1 of this act.

SEC. 3.—

SEC. 5. Section 1 of this act shall be submitted to the voters at the next statewide election in accordance with provisions of the Government Code and the Elections Code governing the submission of statewide measures to the voters.

SEC. 4.—

SEC. 6. Notwithstanding any other provision of law, all ballots of the election shall have printed thereon and in a square thereof, the words: "Housing and Homeless Bond Act of 2000," and in the same square under those words, the following in 8-point type: "This act provides for a bond issue of _____ dollars (\$_____) seven hundred fifty million dollars (\$750,000,000) to provide funds for housing programs." Opposite the square, there shall be left spaces in which the voters may place a cross in the manner required by law to indicate whether they vote for or against the act.

Where the voting in the election is done by means of voting machines used pursuant to law in the manner that carries out the intent of this section, the use of the voting



1 machines and the expression of the voters' choice by
2 means thereof are in compliance with this section.

3 ~~SEC. 5.—~~

4 *SEC. 7.* It is the intent of the Legislature that, to the
5 extent funds authorized by this act are available to local
6 governmental entities, federally recognized California
7 Indian tribes shall also be eligible to apply for those funds,
8 be considered on the merits of the application, and
9 receive and expend those funds.

