

**Introduced by Senator Sher**

February 24, 1999

An act to add Sections 50800.7 and 50800.9 to the Health and Safety Code, relating to housing, and making an appropriation therefor.

LEGISLATIVE COUNSEL'S DIGEST

SB 633, as introduced, Sher. Emergency housing.

Existing law establishes the Emergency Housing and Assistance Program administered by the Department of Housing and Community Development utilizing money appropriated to the Emergency Housing and Assistance Fund.

This bill would appropriate \$5,000,000 to the Controller for allocation to that fund for loans for the acquisition, conversion, rehabilitation, or construction of permanent homeless shelter facilities.

Vote:  $\frac{2}{3}$ . Appropriation: yes. Fiscal committee: yes. State-mandated local program: no.

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

- 1 SECTION 1. Section 50800.7 is added to the Health
- 2 and Safety Code, to read:
- 3 50800.7. The Legislature finds and declares all of the
- 4 following:
- 5 (a) It is in the best interest of the state to provide
- 6 adequate shelter and services for homeless individuals.



1 (b) Local governments are finding that, in addition to  
2 providing a bed and a meal, a shelter should also provide  
3 necessary programs such as mental health and vocational  
4 services.

5 (c) The temporary nature of the armory shelter  
6 program makes it extremely difficult to implement those  
7 programs, while a permanently located shelter, operating  
8 year round, is better suited to establish onsite services  
9 that can aid homeless individuals in eventually finding  
10 permanent shelter and employment.

11 (d) High capital costs continue to be a significant  
12 barrier that is preventing the local development of  
13 permanent homeless shelter facilities.

14 (e) Additional funding for the Emergency Housing  
15 and Assistance Program authorized by this chapter would  
16 assist local governments in finding long-term solutions for  
17 providing essential assistance to the homeless population.

18 SEC. 2. Section 50800.9 is added to the Health and  
19 Safety Code, to read:

20 50800.9. Funds allocated to the Emergency Housing  
21 and Assistance Fund pursuant to the act enacting this  
22 section for the acquisition, conversion, rehabilitation, or  
23 construction of permanent homeless shelter facilities are  
24 subject to all provisions of this chapter, and the  
25 implementing regulations, except as to requirements  
26 added or modified by this section that shall prevail over  
27 any conflicting provisions. The department shall  
28 distribute funds appropriated for purposes of this section  
29 as deferred loans, subject to the following provisions:

30 (a) Funding shall be made available to each project as  
31 a loan with a 10-year term, secured by a deed of trust and  
32 promissory note, with a simple interest rate of 3 percent  
33 per annum. Repayment of principal and interest shall be  
34 deferred as long as the project is used as an emergency  
35 shelter. At the completion of the full 10-year term, both  
36 principal and interest shall be forgiven. However, if a  
37 transfer or conveyance of the project property occurs  
38 prior to that time that results in the property no longer  
39 being used as an emergency shelter, the department may



1 terminate the loan and require the principal and interest  
2 to be paid in full.

3 (b) Applications for funding shall be made pursuant to  
4 department-issued statewide “Notices of Funding  
5 Availability” without the need for additional regulations.

6 (c) The department shall set forth the criteria for  
7 evaluating applications in the “Notice of Funding  
8 Availability” and shall make deferred loans based on  
9 those applications that best meet the criteria. The criteria  
10 shall provide priority for projects that replace cold  
11 weather programs that have been operating in National  
12 Guard armories. Deferred loans may only be used for the  
13 creation of additional shelter floor space as necessary to  
14 serve more homeless persons or to replace cold weather  
15 programs that have been operating in National Guard  
16 armories.

17 (d) Deferred loan amounts shall not be less than one  
18 hundred thousand dollars (\$100,000). The department  
19 shall not award more than one million dollars (\$1,000,000)  
20 to any applicant, including any subsidiary or affiliate of an  
21 applicant, regardless of the number of projects or  
22 applications submitted by that applicant.

23 (e) Deferred loans shall be allocated to urban areas on  
24 at least a one-to-one matching basis with eligible  
25 organizations for projects that will begin construction  
26 within 12 months after the effective date of the state  
27 contract. Organizations located in nonurban areas shall  
28 only be required to provide a one-to-three match. All  
29 matching funds shall be utilized for acquisition,  
30 conversion, rehabilitation, or new construction.  
31 Contracts for projects that have not begun construction  
32 within the 12-month period shall be terminated and the  
33 funds reallocated. However, the department may extend  
34 this period by a period not exceeding 12 months.

35 (f) The department shall use not more than 6 percent  
36 of the amount available pursuant to this section to defray  
37 its administrative costs.

38 (g) Twenty percent of the total allocation shall be set  
39 aside for nonurban counties until 75 percent of the total  
40 allocation has been awarded, or until one year has elapsed



1 from the date of the initial “Notice of Funding  
2 Availability,” whichever is later.

3 SEC. 3. The sum of five million dollars (\$5,000,000) is  
4 hereby appropriated from the General Fund to the  
5 Controller for allocation to the Emergency Housing and  
6 Assistance Fund authorized by Chapter 11.5  
7 (commencing with Section 50800) of Part 2 of Division 31  
8 of the Health and Safety Code, to be used for the  
9 acquisition, conversion, rehabilitation, or construction of  
10 permanent homeless shelter facilities pursuant to Section  
11 2 of this act.

