

AMENDED IN SENATE APRIL 12, 1999

**SENATE BILL**

**No. 633**

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**Introduced by Senator Sher**

February 24, 1999

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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 amended, 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, *which is a continuously appropriated fund*.

This bill would appropriate \$5,000,000 *from the General Fund* 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:

1 (a) It is in the best interest of the state to provide  
2 adequate shelter and services for homeless individuals.

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

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

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

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

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

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

32 (a) Funding shall be made available to each project as  
33 a loan with a ~~10-year~~ 20-year term, secured by a deed of  
34 trust and promissory note, with a simple interest rate of  
35 3 percent per annum. Repayment of principal and  
36 interest shall be deferred as long as the project is used as  
37 an emergency shelter. At the completion of the full  
38 ~~10-year~~ 20-year term, both principal and interest shall be  
39 forgiven. However, if a transfer or conveyance of the  
40 project property occurs prior to that time that results in



1 the property no longer being used as an emergency  
2 shelter, the department may terminate the loan and  
3 require the principal and interest to be paid in full.

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

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

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

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

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

39 (g) Twenty percent of the total allocation shall be set  
40 aside for nonurban counties until 75 percent of the total



1 allocation has been awarded, or until one year has elapsed  
2 from the date of the initial “Notice of Funding  
3 Availability,” whichever is later.

4 SEC. 3. The sum of five million dollars (\$5,000,000) is  
5 hereby appropriated from the General Fund to the  
6 Controller for allocation to the Emergency Housing and  
7 Assistance Fund authorized by Chapter 11.5  
8 (commencing with Section 50800) of Part 2 of Division 31  
9 of the Health and Safety Code, to be used for the  
10 acquisition, conversion, rehabilitation, or construction of  
11 permanent homeless shelter facilities pursuant to Section  
12 2 of this act.

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