

AMENDED IN ASSEMBLY AUGUST 7, 2000

AMENDED IN SENATE MAY 30, 2000

AMENDED IN SENATE MARCH 22, 2000

**SENATE BILL**

**No. 1593**

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**Introduced by Senator ~~Alarcon~~ Burton**  
**(Coauthor: Senator Alarcon)**

February 18, 2000

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~~An act to add Chapter 6 (commencing with Section 50650) to, and to repeal Chapter 3.6 (commencing with Section 50533) of, Part 2 of Division 31 of the Health and Safety Code; An act to amend Sections 50675.7, 50800, 50801, 50801.5, 50802, 50802.5, 50804, 53260, 53265, 53275, 53280, and 53300 of, and to add Sections 50675.12 and 53311 to, the Health and Safety Code, relating to housing.~~

LEGISLATIVE COUNSEL'S DIGEST

SB 1593, as amended, ~~Alarcon~~ Burton. ~~CalHome Program~~ Housing programs.

(1) *The existing Multifamily Housing Program requires the Department of Housing and Community Development to administer deferred payment loans to be used to pay for the eligible costs of housing development projects. The program requires loans to be provided to projects that meet specified requirements and criteria, such as the ability of the project to serve households at the lowest income levels.*

*This bill would require the criteria to consider the ability of the project to contain a significant percentage of units for participants in programs that serve specified populations. It*

would also require the department to prepare and provide annually to the Legislature a specified report on the Multifamily Housing Program.

(2) Existing law establishes the Emergency Housing and Assistance Program and prohibits the program from conflicting with the federal Steward B. McKinney Homeless Assistance Act. It also requires the Department of Housing and Community Development to adopt regulations regarding the administration of the program and prohibits these provisions from being construed to preclude a provider of emergency shelter or transitional housing from restricting occupancy on the basis of sex.

This bill would define the term “safe haven” for purposes of the program and require the program to be consistent with the federal act. It would require providers of emergency shelter or transitional housing to provide adequate facilities within their range of services so that all members of a family may be housed together.

(3) Existing law requires the Department of Housing and Community Development to ensure that not less than 20% of the moneys in the Emergency Housing and Assistance Fund are allocated to nonurban counties during any given fiscal year. It authorizes the department to determine limits on the amount for capital developments and prohibits the department, or a designated local board, from granting more than \$500,000 to any eligible organization within a region.

This bill would, among other things, require, if the funds allocated to nonurban counties are not expended by the end of the fiscal year, to be allocated in the next fiscal year to urban counties as specified. It would also require the department to consider, by June 30, 2001, increasing its limits on the amount for operating grants and capital grants, as specified, prohibit a grant of more than \$1,000,000 to any eligible organization within a region in a funding round, and authorize eligible designated local boards to use a specified percentage, not to exceed 2%, of the grant award to defray administrative costs.

(4) The existing California Statewide Supportive Housing Initiative Act requires the State Department of Mental Health to award grants to local government or private nonprofit agencies for services to a target population that is defined to



*include adults with low incomes having one or more disabilities or individuals eligible for services provided under the Lanterman Developmental Disabilities Services Act and may include specified other groups or individuals. The act establishes a Supportive Housing Program Council to assist with the implementation of the act. The act also requires the department to award grants for up to a 3-year period and in an amount that does not exceed \$450,000 for a single project, and \$1,000,000 for an application from a single jurisdiction for several projects. The act prohibits more than 10% of the amount appropriated in a fiscal year for purposes of the act from being used for state administration of the act.*

*This bill would, among other things, revise the definition of target population to include veterans, include the director of the Tax Credit Allocation Committee on the council, extend the time period for specified grants to not exceed 15 years, and raise the maximum amounts for the grants to \$2,000,000 for single project and \$3,000,000 for an application from a single jurisdiction for several projects. It would also authorize 5% of the amount appropriated for purposes of the act to be used for state administration of the act, notwithstanding the allocation of specified funds in the Budget Act of 2000. The bill would also require the State Department of Mental Health to prepare and provide annually to the Legislature a report relating to specified information.*

~~Existing law contains various programs relating to housing assistance, including the Senior Citizens' Shared Housing Program, the California Self-Help Housing Program, and specified federal programs.~~

~~This bill would establish the CalHome Program, to be administered by the Department of Housing and Community Development, to provide funds to local public agencies or nonprofit corporations as either grants for programs that assist individual households or loans that assist multi-unit development projects. This bill would also repeal the Senior Citizens' Shared Housing Program and state the intent that the CalHome Program take the place of the Senior Citizens' Shared Housing Program.~~

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. Chapter 3.6 (commencing with Section~~  
2 *SECTION 1. Section 50675.7 of the Health and Safety*  
3 *Code is amended to read:*

4 50675.7. Loans shall be provided using a project  
5 selection process established by the department that  
6 meets all of the following requirements:

7 (a) To the extent feasible, this process shall be  
8 coordinated with the processes of other major housing  
9 funding sources, including that of the California Tax  
10 Credit Allocation Committee, and shall ensure a  
11 reasonable geographic distribution of funds.

12 (b) The process shall require that applications for  
13 projects meet minimum threshold requirements,  
14 including, but not limited to, all of the following:

15 (1) The proposed project shall be located within  
16 reasonable proximity to public transportation and  
17 services.

18 (2) Development costs for the proposed project shall  
19 be reasonable compared to costs of comparable projects  
20 in the local area.

21 (3) The proposed project shall be feasible.

22 (4) The sponsor shall have the capacity to own and  
23 develop the proposed project.

24 (c) Projects that meet threshold requirements shall be  
25 evaluated for funding based on weighted underwriting  
26 and evaluative criteria that give consideration to projects  
27 that meet the following criteria:

28 (1) Serve households at the lowest income levels,  
29 consistent with long-term feasibility, considering regional  
30 variations.

31 (2) Address the most serious identified local housing  
32 needs.

33 (3) Will be developed and owned by entities with  
34 substantial and successful experience.

35 (4) Contain a significant percentage of units for  
36 families or special needs populations.

37 (5) Leverage other funds in those jurisdictions where  
38 they are available.



1 (6) *Projects that contain a significant percentage of*  
2 *housing units for participants in programs established*  
3 *under the Adult and Older Adult Mental Health System*  
4 *of Care Act (Part 3 (commencing with Section 5801) of*  
5 *Division 5 of the Welfare and Institutions Code), or other*  
6 *projects that house homeless persons.*

7 (d) The department may establish alternate project  
8 selection processes, threshold requirements, and  
9 priorities for funds appropriated for special purposes.  
10 These alternate processes, requirements, and priorities  
11 shall be tied to the specific needs and objectives for which  
12 the funds have been appropriated.

13 (e) Loans for rental housing developments and  
14 transitional housing may be reviewed, approved, and  
15 funded by the department directly to the sponsor. The  
16 department shall ensure that the sponsor notifies the local  
17 legislative body of the sponsor's loan application prior to  
18 application submission.

19 (f) The department may make grants to local public  
20 entities using funds reserved by the Legislature for  
21 rehabilitation, or acquisition and rehabilitation, in  
22 support of code enforcement. The local entities shall then  
23 make the funds available as loans, and they may be  
24 allowed to collect and retain loan repayments, provided  
25 that these repayments are reloaned in accordance with  
26 the requirements of this chapter, as it relates to funds  
27 used in support of code enforcement.

28 *SEC. 2. Section 50675.12 is added to the Government*  
29 *Code, to read:*

30 *50675.12. The department shall prepare and provide*  
31 *annually a report to the Legislature no later than July 1*  
32 *that describes all of the following:*

33 (a) *The number of persons housed pursuant to the*  
34 *program.*

35 (b) *The extent of housing stability.*

36 (c) *The demographic characteristics of those housed*  
37 *pursuant to the program, including veterans, people with*  
38 *mental illness, people with substance abuse histories,*  
39 *single adults, and families with children.*



1 (d) *The counties and cities in which the housing is*  
2 *located.*

3 (e) *The changes in income levels of those housed.*

4 (f) *Improvements in health status, to the extent*  
5 *available.*

6 SEC. 3. *Section 50800 of the Health and Safety Code*  
7 *is amended to read:*

8 50800. (a) It is the intent of the Legislature to  
9 encourage the provision of shelter, with effective  
10 personal rehabilitation and self-sufficiency development  
11 services, to homeless persons at as low a cost and as  
12 quickly as possible, without compromising the health and  
13 safety of shelter occupants. It is also the intent of the  
14 Legislature to encourage the move of homeless persons  
15 from shelters to a self-supporting environment as soon as  
16 possible, to encourage provision of services for as many  
17 persons at risk of homelessness as possible, to encourage  
18 compatible and effective funding of homeless services,  
19 and to encourage coordination among public agencies  
20 that fund or provide services to homeless individuals, *as*  
21 *well as agencies that discharge people from their*  
22 *institutions, including, but not limited to, child welfare*  
23 *agencies, health care programs, and jails and prisons.*  
24 *Because many communities currently provide shelter*  
25 *and limited services to individuals who are unable or*  
26 *unwilling to comply with traditional housing programs*  
27 *only during cold and wet weather and because*  
28 *year-round shelter will encourage these individuals to*  
29 *accept services and move toward permanent housing, it*  
30 *is also the intent of the Legislature to increase the*  
31 *availability of year-round shelter to meet the special*  
32 *needs of those individuals.*

33 (b) There is hereby created the Emergency Housing  
34 and Assistance Program.

35 (c) To the extent possible, the Emergency Housing  
36 and Assistance Program shall ~~not conflict~~ *be consistent*  
37 with the federal Stewart B. McKinney Homeless  
38 Assistance Act, as approved on July 22, 1987, cited as  
39 Public Law 100-77, as it is, from time to time, amended,  
40 and regulations promulgated thereunder by the United



1 States Department of Housing and Urban Development,  
2 or its successor.

3 *SEC. 4. Section 50801 of the Health and Safety Code*  
4 *is amended to read:*

5 50801. As used in this chapter:

6 (a) “Department” means the Department of Housing  
7 and Community Development.

8 (b) “Designated local board” means a group,  
9 including social service providers and a representative of  
10 local government, that has met department  
11 requirements for distribution of grants allocated by the  
12 department pursuant to this chapter.

13 (c) “Director” means the Director of Housing and  
14 Community Development.

15 (d) “Eligible organization” means an agency of local  
16 government or a nonprofit corporation that provides, or  
17 contracts with community organizations to provide,  
18 emergency shelter or transitional housing, or both.

19 (e) “Emergency shelter” means housing with minimal  
20 supportive services for homeless persons that is limited to  
21 occupancy of six months or less by a homeless person. No  
22 individual or household may be denied emergency  
23 shelter because of an inability to pay.

24 (f) “Nonurban county” means any county with a  
25 population of less than 200,000, as published in the most  
26 recent edition of Population Estimates of California Cities  
27 and Counties, E-1, prepared by the Department of  
28 Finance, Population Research Unit.

29 (g) “Region” means a county or a consortium of  
30 counties voluntarily banding together by action of a  
31 designated local board.

32 (h) “*Safe haven*” means *supportive housing for*  
33 *seriously mentally ill homeless persons, many of whom*  
34 *have cooccurring substance abuse problems, and persons*  
35 *with chronic substance addictions, that have been unable*  
36 *or unwilling to participate in high demand housing*  
37 *programs.*

38 (i) “Transitional housing” means housing with  
39 supportive services for up to 24 months that is exclusively  
40 designated and targeted for recently homeless persons.



1 Transitional housing includes self-sufficiency  
2 development services, with the ultimate goal of moving  
3 recently homeless persons to permanent housing as  
4 quickly as possible, and limits rents and service fees to an  
5 ability-to-pay formula reasonably consistent with the  
6 United States Department of Housing and Urban  
7 Development's requirements for subsidized housing for  
8 low-income persons. Rents and service fees paid for  
9 transitional housing may be reserved, in whole or in part,  
10 to assist residents in moving to permanent housing.

11 ~~(i)~~

12 (j) "Urban county" means any county that is not a  
13 nonurban county.

14 *SEC. 5. Section 50801.5 of the Health and Safety Code*  
15 *is amended to read:*

16 50801.5. (a) The department shall adopt regulations  
17 for the administration of the Emergency Housing and  
18 Assistance Program. The regulations shall govern the  
19 equitable distribution of funds in accordance with the  
20 intent and provisions of this chapter, and shall ensure that  
21 the program is administered in an effective and efficient  
22 manner. The regulations shall provide for reasonable  
23 delegation of authority to designated local boards, ensure  
24 that local priorities and criteria are reasonably designed  
25 to address the needs of homeless people, and ensure that  
26 designated local boards meet reasonable standards of  
27 inclusiveness, accountability, nondiscrimination, and  
28 integrity.

29 (b) The regulations adopted pursuant to this section  
30 shall ensure that emergency shelter and services shall be  
31 provided on a first-come, first-served basis for whatever  
32 time periods are established by the shelter. No individual  
33 or household may be denied shelter or services because  
34 of an inability to pay. Nothing in this provision shall be  
35 construed to preclude a shelter from accepting payment  
36 vouchers provided through any other public or private  
37 program so long as no shelter beds are reserved beyond  
38 sundown for that purpose. Notwithstanding Section  
39 11135 of the Government Code, nothing in this section  
40 shall be construed to preclude a provider of emergency



1 shelter or transitional housing from restricting occupancy  
2 on the basis of sex. *However, in the case of families,*  
3 *providers of emergency shelter or transitional housing*  
4 *shall provide adequate facilities within their range of*  
5 *services so that all members of a family may be housed*  
6 *together, regardless of gender.*

7 *SEC. 6. Section 50802 of the Health and Safety Code*  
8 *is amended to read:*

9 50802. (a) The department shall ensure that not less  
10 than 20 percent of the moneys in the Emergency Housing  
11 and Assistance Fund shall be allocated to nonurban  
12 counties during any given fiscal year. *If the funds*  
13 *allocated to nonurban counties are not expended by the*  
14 *end of that fiscal year, then it shall be allocated in the next*  
15 *fiscal year to urban counties according to subdivision (b).*

16 (b) The amount of funds that the department allocates  
17 from the Emergency Housing and Assistance Fund to  
18 each region, excluding funds allocated pursuant to  
19 subdivision (a), shall be based upon a formula that  
20 accords at least 20 percent weight to each of the following  
21 factors:

22 (1) The relative number of persons in the region  
23 below the poverty line according to the most recent  
24 federal census, updated, if possible, with an estimate by  
25 the Department of Finance, compared to the total of the  
26 urban counties.

27 (2) The relative number of persons unemployed  
28 within each region, based on the most recent one-year  
29 period for which data is available, compared to the total  
30 of the urban counties.

31 (c) Grant funds shall be disbursed as expeditiously as  
32 possible by the department.

33 (d) The department shall use not more than 4 percent  
34 of the amount available for funds pursuant to this chapter  
35 to defray the department's administrative costs pursuant  
36 to this chapter.

37 *SEC. 7. Section 50802.5 of the Health and Safety Code*  
38 *is amended to read:*

39 50802.5. (a) The department shall issue a notice or  
40 notices of funding availability to potential applicants and



1 designated local boards, as applicable, as soon as possible  
2 after funding becomes available for the Emergency  
3 Housing and Assistance Program. Each notice of funding  
4 availability shall indicate the amounts and types of funds  
5 available under this program.

6 (b) A designated local board, or the department in the  
7 absence of a designated local board, shall solicit, receive,  
8 and select among applications for grants pursuant to this  
9 chapter from eligible organizations through an open, fair,  
10 and competitive process. These applications shall be  
11 ranked and selected by a designated local board, or by the  
12 department in the absence of a designated local board.

13 (c) Notwithstanding subdivision (b), the department  
14 may restrict a designated local board from selecting any  
15 application requesting a grant for capital developments  
16 if the amount requested by the application exceeds the  
17 limits determined by the department, and the  
18 department determines that the designated local board  
19 is not qualified to evaluate the application. The  
20 department shall establish criteria for distinguishing  
21 between a designated local board that may be so  
22 restricted and a designated local board that would not be  
23 so restricted. A designated local board may appeal to the  
24 director, or to the director's designee, any decision made  
25 by the department pursuant to this subdivision. *The*  
26 *department, by June 30, 2001, shall consider increasing*  
27 *the maximum grant limits to three hundred thousand*  
28 *dollars (\$300,000) for operating grants and five hundred*  
29 *thousand dollars (\$500,000) for capital grants.*

30 (d) The department, or the designated local board, as  
31 applicable, shall not grant more than ~~five hundred~~  
32 ~~thousand~~ *one million* dollars ~~(\$500,000)~~ *(\$1,000,000)* to  
33 any eligible organization within a region in a funding  
34 round even if the eligible organization has filed multiple  
35 applications.

36 (e) The department shall determine requirements of  
37 the grant contract and shall contract directly with the  
38 grant recipient. The department shall not delegate this  
39 function to the designated local boards. *Eligible*  
40 *designated local boards may use a percentage of the*



1 *regional award funds to defray administrative costs. The*  
2 *department shall establish this percentage, which shall*  
3 *not exceed 2 percent.*

4 (f) The designated local board shall regulate the  
5 performance of any grant contract within their region,  
6 subject to department oversight and requirements  
7 established by the department.

8 (g) The department shall not perform a secondary  
9 rating or ranking review on those grant applications that  
10 have been solicited, received, and selected by a  
11 designated local board according to a local ranking  
12 criterion that has been approved by the department.

13 *SEC. 8. Section 50804 of the Health and Safety Code*  
14 *is amended to read:*

15 50804. (a) Each designated local board shall submit  
16 to the department for approval, a local emergency shelter  
17 strategy for its region, describing the procedures for  
18 complying with requirements pursuant to this chapter  
19 and the regulations promulgated thereunder. The  
20 department shall establish, by regulation, the types of  
21 information that each designated local board shall  
22 include in the strategy, including, but not limited to, each  
23 of the following:

24 (1) A statement of goals and how goals will be  
25 achieved.

26 (2) A statement of priorities *and how the priorities*  
27 *complement the local continuum of care planning*  
28 *process.*

29 (3) A description of the application process and  
30 ranking criteria for the Emergency Housing and  
31 Assistance Program.

32 (4) Copies of application forms for the Emergency  
33 Housing and Assistance Program that the designated  
34 local board will use to evaluate requests for grants.

35 (5) *A statement of how grant recipients shall be*  
36 *encouraged to develop year-round emergency shelters*  
37 *and transitional housing to meet the diverse needs of the*  
38 *homeless populations that include families, youth, and*  
39 *persons with physical and mental disabilities, people who*  
40 *are addicted to alcohol and drugs, people living with*



1 *HIV/AIDS, veterans, the elderly, and pregnant women.*  
2 *Also, a description of how the local plan serves the needs*  
3 *of individuals and families at risk of homelessness as a*  
4 *result of eviction.*

5 (b) The department shall establish a deadline, by  
6 which date the designated local board shall be required  
7 to submit a strategy for the department's review.

8 (c) Upon the department's approval of a strategy, the  
9 designated local board shall make the strategy broadly  
10 available to shelter and service providers and to other  
11 interested persons in its region.

12 *SEC. 9. Section 53260 of the Health and Safety Code*  
13 *is amended to read:*

14 53260. For the purposes of this chapter, the following  
15 definitions apply:

16 (a) "Council" means the Supportive Housing  
17 Program Council.

18 (b) "Lead agency" means the State Department of  
19 Mental Health, which shall be the governmental agency  
20 that is primarily responsible for administering this  
21 chapter.

22 (c) "Supportive housing" means housing with no limit  
23 on length of stay, that is occupied by the target  
24 population, and that is linked to onsite or offsite services  
25 that assist the tenant to retain the housing, improve his or  
26 her health status, maximize their ability to live and, when  
27 possible, to work in the community. This housing may  
28 include apartments, single-room occupancy residences,  
29 or single-family homes.

30 (d) "Target population" means adults with low  
31 incomes having one or more disabilities, including mental  
32 illness, HIV or AIDS, substance abuse, or other chronic  
33 health conditions, or individuals eligible for services  
34 provided under the Lanterman Developmental  
35 Disabilities Services Act (Division 4.5 (commencing with  
36 Section 4500) of the Welfare and Institutions Code) and  
37 may, among other populations, include families with  
38 children, elderly persons, young adults aging out of the  
39 foster care system, individuals exiting from institutional  
40 settings, *veterans*, or homeless people.



1 SEC. 10. Section 53265 of the Health and Safety Code  
2 is amended to read:

3 53265. (a) In order to encourage the integration of  
4 housing and services, it is the intent of the Legislature to  
5 promote interagency coordination and collaboration  
6 among not only local private and public agencies, but also  
7 among the state agencies responsible for the provision of  
8 housing and support services to very low income  
9 Californians.

10 (b) Therefore there is hereby established the  
11 Supportive Housing Program Council to assist with the  
12 implementation of this chapter.

13 (c) Members of the council shall include all of the  
14 following:

15 (1) The following state officials or their designees.

16 (A) The Secretary of the Health and Welfare Agency.

17 (B) The Secretary of the Business, Transportation and  
18 Housing Agency.

19 (C) The directors of the State Department of Mental  
20 Health, the State Department of Developmental  
21 Services, the State Department of Social Services, the  
22 State Department of Health Services, the California  
23 Department of Aging, the Department of Housing and  
24 Community Development, the State Department of  
25 Alcohol and Drug Programs, the California Housing  
26 Finance Agency, the Department of Rehabilitation, *the*  
27 *Tax Credit Allocation Committee*, and the Department  
28 of Employment Development.

29 (2) Three consumer representatives from the target  
30 population, appointed by the Secretary of the Health and  
31 Welfare Agency, shall also serve on the council.

32 (d) The duties of the council shall include all of the  
33 following:

34 (1) Developing, promoting, and implementing policy  
35 supporting this chapter.

36 (2) Assisting the lead agency in reviewing the requests  
37 for grant applications, reviewing grant applications  
38 submitted to the lead agency, and providing the lead  
39 agency with recommendations for awarding grants  
40 pursuant to Section 53275.

1 (3) Reviewing input regarding program policy and  
2 direction from individuals and entities with experience  
3 with the target population.

4 (4) Assisting the lead agency to coordinate programs  
5 under this chapter with special needs housing programs  
6 offered by government or private lenders.

7 (5) Assisting the lead agency in fulfilling its  
8 responsibilities under this chapter.

9 (6) Providing recommendations to the lead agency  
10 regarding this chapter.

11 (7) At the request of the lead agency, assisting  
12 agencies in planning and implementing this chapter  
13 including assisting with local technical assistance.

14 *SEC. 11. Section 53275 of the Health and Safety Code*  
15 *is amended to read:*

16 53275. (a) Grants shall be awarded by the lead  
17 agency based upon the recommendations of the council  
18 and pursuant to this chapter. The lead agency shall issue  
19 requests for applications for awarding the grants, which  
20 shall specify maximum dollar amounts for which grants  
21 may be awarded. The request for applications also shall  
22 specify other criteria, as required by this chapter.  
23 Applicants may apply for a single supportive housing  
24 project, or may submit a single application for several  
25 projects.

26 (b) The lead agency shall award grants as follows:

27 (1) Grants shall be awarded for up to a three-year  
28 period *except for grants from funds transferred to the*  
29 *Department of Housing and Community Development,*  
30 *and awarded for housing costs, in which case the grants*  
31 *may be awarded for a period not to exceed 15 years.* Each  
32 award shall be in an amount not to exceed ~~four hundred~~  
33 ~~fifty thousand dollars (\$450,000)~~ *two million dollars*  
34 *(\$2,000,000)* for a single project, or ~~one~~ *three million*  
35 *dollars (\$3,000,000)* for an application from  
36 a single jurisdiction for several projects at the discretion  
37 of the lead agency, in consultation with the council. At the  
38 discretion of the lead agency, these grants may include up  
39 to twenty-five thousand dollars (\$25,000) for one-time  
40 startup grants which may be used, among other things,



1 for purchasing equipment or furniture, hiring staff,  
2 designing a program evaluation, or hiring a consultant.

3 (2) All grants awarded under this subdivision shall be  
4 matched by the grantee with fifty cents (\$0.50) for each  
5 one dollar (\$1) awarded in the first year, one dollar (\$1)  
6 for each one dollar (\$1) awarded in the second year, and  
7 one dollar and fifty cents (\$1.50) for each one dollar (\$1)  
8 awarded in the third year *and, to the extent that this*  
9 *funding continues, in subsequent years.* The match shall  
10 be contributed in cash or as services or resources of  
11 comparable value. It is the intent of the Legislature that  
12 participants seek and utilize private funds, or public  
13 funds administered by the federal or local governments  
14 for this purpose.

15 (3) In order to receive a grant under this chapter, an  
16 applicant shall demonstrate a need for supportive  
17 housing for low-income individuals with special needs  
18 and a local commitment to providing funding for the  
19 purpose of developing and operating supportive housing.

20 (c) A local nonprofit agency or local government  
21 agency shall be eligible for a grant under this chapter if  
22 it demonstrates in its program plan that it:

23 (1) Meets local priorities for supportive housing as  
24 identified in a publicly adopted planning document, such  
25 as the Consolidated Plan prepared for the Department of  
26 Housing and Urban Development, the Continuum of  
27 Care Plan, or a local plan for housing services for the  
28 target population.

29 (2) Provides evidence that affordable housing linked  
30 to services appropriate to the target population will be  
31 made available.

32 (3) Has established collaborative agreements with  
33 housing and service programs to deliver the necessary  
34 services and housing to the target population.

35 (4) Requests funding supplements and does not  
36 supplant existing funding.

37 *SEC. 12. Section 53280 of the Health and Safety Code*  
38 *is amended to read:*

39 53280. The lead agency shall give preference to  
40 proposals that do any of the following:



1 (a) Provide supportive housing to underserved target  
2 groups for which few alternative resources are available.

3 (b) Demonstrate collaborative agreements between  
4 entities that fund and provide local public and private  
5 housing services.

6 (c) Demonstrate cost avoidance as compared to other  
7 housing and service or institutional options available to  
8 the specific target population.

9 (d) Propose to serve the target population with an  
10 average income of not more than 100 percent of the  
11 federal poverty guidelines, or higher at the discretion of  
12 the council.

13 (e) Demonstrate the capacity and readiness to begin  
14 operation of a supportive housing program within one  
15 year of receiving the grant.

16 (f) *Demonstrate linkages to programs established*  
17 *under the Adult and Older Adult Mental Health System*  
18 *of Care Act (Part 3 (commencing with Section 5801) of*  
19 *Division 5 of the Welfare and Institutions Code), or other*  
20 *integrated services projects supported with state or local*  
21 *government funds.*

22 *SEC. 13. Section 53300 of the Health and Safety Code*  
23 *is amended to read:*

24 53300. (a) No more than 10 percent of the amount  
25 appropriated in a fiscal year for the purposes of this  
26 chapter may be used for state administration of this  
27 chapter, including evaluation and technical assistance.  
28 Technical assistance shall include, but is not limited to,  
29 assisting with collaborations, providing information, and  
30 convening training workshops. The Legislature shall be  
31 notified of the administrative costs of this program  
32 pursuant to Section 28 of the Budget Act.

33 (b) *Notwithstanding the allocation of funds in the*  
34 *Budget Act of 2000 for the supportive housing initiative*  
35 *to the local assistance Item 4440-101-0001, up to 5 percent*  
36 *of the funds may be spent for administrative costs, as*  
37 *defined in subdivision (a).*

38 *SEC. 14. Section 53311 is added to the Health and*  
39 *Safety Code, to read:*



1 53311. The lead agency shall annually prepare and  
2 provide a report to the Legislature no later than July 1 of  
3 each year that describes all of the following:

4 (a) The number of persons housed pursuant to the  
5 program.

6 (b) The extent of housing stability.

7 (c) The demographic characteristics of those housed  
8 pursuant to the program, including veterans, people with  
9 mental illness, people with substance abuse histories,  
10 single adults, and families with children.

11 (d) The counties and cities in which the housing is  
12 located.

13 (e) The changes in income levels of those housed.

14 (f) Improvements in health status, to the extent  
15 available.

16 ~~50533) of Part 2 of Division 31 of the Health and Safety  
17 Code is repealed.~~

18 ~~SEC. 2. Chapter 6 (commencing with Section 50650)  
19 is added to Part 2 of Division 31 of the Health and Safety  
20 Code, to read:~~

21

22

~~CHAPTER 6. CALHOME PROGRAM~~

23

24 ~~50650. The Legislature finds and declares as follows:~~

25 ~~(a) An adequate supply of safe and affordable housing  
26 is the foundation for strong and sustainable communities.  
27 Owner-occupied housing is a key housing resource,  
28 contributing to neighborhood stability as well as  
29 economic vitality.~~

30 ~~(b) In California, homeownership is beyond the reach  
31 of a large segment of the population. There are also many  
32 homeowners who lack the resources to make necessary  
33 repairs to their homes, or who would welcome the  
34 opportunity to share them with suitable tenants.~~

35 ~~(c) Reflecting California's diversity, there is a variety  
36 of proven approaches to the promotion of  
37 homeownership within the state. The purpose of the  
38 CalHome Program established by this chapter is to  
39 support existing homeownership programs aimed at  
40 lower and very low income households and operated by~~



1 private nonprofit and local government agencies, and  
2 thereby to increase homeownership, encourage  
3 neighborhood revitalization and sustainable  
4 development, and maximize use of existing homes.

5 (d) The CalHome Program is intended to take the  
6 place of the Senior Citizens' Shared Housing Program  
7 established by Chapter 3.6 (commencing with Section  
8 50533), which is repealed by the act enacting this chapter.

9 50650.1. This chapter shall be known and may be cited  
10 as the CalHome Program.

11 50650.2. The department shall administer this  
12 chapter.

13 50650.3. (a) Funds appropriated for purposes of this  
14 chapter shall be used to enable low- and very low-income  
15 households to become or remain homeowners. Funds  
16 shall be provided by the department to local public  
17 agencies or nonprofit corporations as either of the  
18 following:

19 (1) Grants for programs that assist individual  
20 households

21 (2) Loans that assist development projects involving  
22 multiple homeownership units, including single-family  
23 subdivisions.

24 (b) Grant funds may be used for first-time homebuyer  
25 downpayment assistance, home rehabilitation,  
26 homebuyer counseling, home acquisition and  
27 rehabilitation, or self-help mortgage assistance programs;  
28 or for technical assistance for self-help and shared housing  
29 homeownership. Loan funds may be used for purchase of  
30 real property, site development, predevelopment, and  
31 construction period expenses incurred on  
32 homeownership development projects, and permanent  
33 financing for mutual housing or cooperative  
34 developments. Upon completion of construction, the  
35 department may convert project loans into grants for  
36 programs of assistance to individual homeowners.  
37 Financial assistance provided to individual households  
38 shall be in the form of deferred payment loans, repayable  
39 upon sale or transfer of the homes, when they cease to be  
40 owner occupied, or upon the loan maturity date. All loan



1 ~~repayments shall be used for activities allowed under this~~  
2 ~~section, and shall be governed by a reuse plan approved~~  
3 ~~by the department. Those reuse plans may provide for~~  
4 ~~loan servicing by the grant recipient or a third party local~~  
5 ~~government agency or nonprofit corporation.~~

6 ~~50650.4. To be eligible to receive a grant or loan, local~~  
7 ~~public agencies or nonprofit corporations shall~~  
8 ~~demonstrate sufficient organizational stability and~~  
9 ~~capacity to carry out the activity for which they are~~  
10 ~~requesting funds, including, where applicable, the~~  
11 ~~capacity to manage a portfolio of individual loans over an~~  
12 ~~extended time period. Capacity may be demonstrated by~~  
13 ~~substantial successful experience performing similar~~  
14 ~~activities, or through other means acceptable to the~~  
15 ~~department. In allocating funds, the department shall~~  
16 ~~utilize a competitive application process, using weighted~~  
17 ~~evaluation criteria, including, but not limited to, (a) the~~  
18 ~~extent that the program or project utilizes volunteer or~~  
19 ~~self-help labor, trains youth in construction skills, or~~  
20 ~~involves community participation, and (b) whether the~~  
21 ~~program or project contributes toward community~~  
22 ~~revitalization. To the extent feasible, the application~~  
23 ~~process shall ensure a reasonable geographic distribution~~  
24 ~~of funds.~~

25 ~~50650.5. For the purposes of this chapter, mutual~~  
26 ~~housing and cooperative housing shall be deemed to be~~  
27 ~~forms of homeownership. For these project types: (a)~~  
28 ~~program funds shall be used for project development~~  
29 ~~costs only; (b) the department shall enter into a~~  
30 ~~regulatory agreement limiting occupant incomes,~~  
31 ~~occupancy charges, and share purchase terms for 55~~  
32 ~~years; and (c) notwithstanding Section 50650.3, program~~  
33 ~~assistance shall be provided in the form of a deferred~~  
34 ~~payment loan.~~

35 ~~50650.6. The department may use up to 5 percent of~~  
36 ~~the funds appropriated for the purposes of this chapter~~  
37 ~~for its costs in administering the program.~~

38 ~~50650.7. For appropriations of fifteen million dollars~~  
39 ~~(\$15,000,000) or less, the department may administer the~~  
40 ~~funds using guidelines that shall not be subject to the~~



1 ~~Administrative Procedure Act (Chapter 3.5~~  
2 ~~(commencing with Section 11340) of Part 1 of Title 2 of~~  
3 ~~the Government Code). If an appropriation exceeds that~~  
4 ~~amount, the department may administer the funds using~~  
5 ~~guidelines for 24 months, during which time those~~  
6 ~~guidelines shall not be subject to the Administrative~~  
7 ~~Procedure Act. The guidelines and any regulations~~  
8 ~~governing the CalHome Program shall include, among~~  
9 ~~other things, loan terms and limits, underwriting~~  
10 ~~standards, home price limits, application procedures and~~  
11 ~~selection criteria, loan and grant documentation~~  
12 ~~requirements, and monitoring requirements.~~

