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HEALTH AND SAFETY CODE - HSC

DIVISION 31. HOUSING AND HOME FINANCE [50000 - 54913] (*Division 31 repealed and added by Stats. 1977, Ch. 610.)*

PART 11. HOUSING AND EMERGENCY SHELTER TRUST FUND ACT OF 2002 [53500 - 53534] (*Part 11 added by Stats. 2002, Ch. 26, Sec. 8.)*

CHAPTER 4. Allocation of Housing Bond Revenues [53533 - 53534] (*Chapter 4 added by Stats. 2002, Ch. 26, Sec. 8.)*

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

(1) Nine hundred ten million dollars (\$910,000,000) 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, except for the following:

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

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

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

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

(i) The department shall give first priority for projects on land owned by a University of California or California State University campus. Second priority shall be given to projects located within one mile of a University of California or California State University campus that is suffering from a severe shortage of housing and limited availability of developable land as determined by the 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 college named in Section 92200 of the Education Code.

(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 their 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.

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

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

(B) Five million dollars (\$5,000,000) shall be used to provide grants to cities, counties, cities and counties, and nonprofit organizations to provide grants for lower income tenants with disabilities for the purpose of making exterior modifications to rental housing in order to make that housing accessible to persons with disabilities. For the purposes of this subparagraph, "exterior modifications" includes modifications that are made to entryways or to common areas of the structure or property. The

program provided for under this subparagraph shall not be subject to Chapter 3.5 (commencing with Section 11340) of Part 1 of Title 2 of the Government Code.

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

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

(6) Five million dollars (\$5,000,000) shall be transferred to the Housing Rehabilitation Loan Fund to be expended for capital expenditures in support of local code enforcement and compliance programs. This allocation shall not be subject to Chapter 3.5 (commencing with Section 11340) of Part 1 of Title 2 of the Government Code. If the moneys allocated pursuant to this paragraph are not expended within three years after being transferred, the department may, in its discretion, transfer the moneys to the Housing Rehabilitation Loan Fund to be expended 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.

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

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

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

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

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

(c) The Legislature may, from time to time, amend the provisions of law related to programs to which funds are, or have been, allocated pursuant to this section for the purpose of improving the efficiency and effectiveness of the program, or for 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.

(Amended by Stats. 2022, Ch. 478, Sec. 62. (AB 1936) Effective January 1, 2023. Note: This section was added by Stats. 2002, Ch. 26, and approved in Prop. 46 on Nov. 5, 2002.)

53534. (a) The Legislature finds and declares all of the following:

(1) The projected budget deficit for the 2003–04 fiscal year represents the largest fiscal imbalance in California history. This imbalance necessitates drastic actions not ordinarily contemplated in usual budget years.

(2) In order to address the budgetary imbalance it is necessary to find and cancel General Fund commitments where possible so as to reduce General Fund obligations.

(3) The creation of affordable housing is extraordinarily difficult, necessitating, among other things, the acquisition of suitable sites, the design and engineering of the facility and securing multiple sources of private and public financing. In addition, affordable housing development also frequently encounters difficulties in obtaining local governmental approvals. Because of these difficulties there are typically long lead-times between the commitment of funds through the state's housing programs and the actual final approval of the project, completion of construction, and disbursement of state funds. Because of the gap in time between the award of state funds and final fund disbursement, there is an opportunity to disencumber fund commitments to ease the state's present fiscal emergency.

(4) While these housing projects present an opportunity to recoup General Fund moneys, the Legislature recognizes that the withdrawal of state funds may mean the cancellation of projects, the loss of affordable housing, and the creation of potential liabilities to the state where costs have been incurred in reliance on the state funding commitment. The need to find revenue sources does not supersede the need for public assistance to facilitate the creation of new housing opportunities particularly for persons and households of low to moderate income.

(5) By definition, housing projects that have already received a commitment of state funds are further advanced towards completion than projects that have yet to start the process of seeking or receiving state housing funds. The enactment of this part, therefore, provides an opportunity to meet the multiple goals of relieving existing financial obligations of the General Fund, continuing the state support of worthy projects, and avoiding the potential liabilities where costs have been incurred in reliance on the state's commitment of funds. The Legislature finds and declares that it is appropriate, where possible, to disencumber General Fund obligations in those areas where the state's need to recoup General Fund revenues can be balanced by the substitution of other funds through legal mechanism.

(6) The Legislature's ability to modify a general obligation bond program approved by the voters is restricted by the California Constitution and interpretative case law to those situations where the modification is consistent with the underlying purpose of the program and not inconsistent with the express language of the measure placed before the voters. For the purposes of this part and the programs administered by the department thereunder, the Legislature finds and declares that the project selection criteria for many of the existing programs have been modified by the bond measure contained in this part, as approved by the voters. However, the project selection criteria for the Joe Serna, Jr. Farmworker Housing Grant Program (Chapter 3.2 (commencing with Section 50517.5) of Part 2) and the CalHome Program (Chapter 6 (commencing with Section 50650) of Part 2) have been unmodified by this part. Therefore, projects funded through these programs that have previously been determined eligible and have met the selection criteria would similarly be eligible and meet the selection criteria for these programs as funded under this part.

(7) If the funding for projects previously funded under the Joe Serna, Jr. Farmworker Housing Grant Program and the CalHome Program were disencumbered, these projects would be eligible to compete for funds under the same programs as funded through this part. However, the time delays and costs associated by the resubmittal of applications would render a hardship to the project sponsors and cause unnecessary delays in project implementation.

(8) The use of funds approved by the voters through the enactment of this part to ensure successful completion of projects eligible and fundable through the Joe Serna, Jr. Farmworker Housing Grant Program and the CalHome Program that would

otherwise be delayed or lost if the general funding was disencumbered is both necessary and appropriate, and will facilitate the efficient and effective implementation of the projects funded through this part and will further the goals of the respective programs.

(b) In order to return moneys appropriated in the Budget Acts of 2000 and 2001 to the General Fund to assist in easing the current fiscal emergency, and to ensure the expeditious completion of projects that have successfully applied for, and were selected for, funding during the 2000–01 and 2001–02 fiscal years through the Joe Serna, Jr. Farmworker Housing Grant Program and CalHome Program, the department shall do both of the following:

(1) Disencumber funding commitments for all projects funded through appropriations in the Budget Acts of 2000 and 2001 for which funds have not been disbursed as of the effective date of this section.

(2) Provide replacement funding to these projects, subject to the terms and conditions of the prior commitment, through paragraph (4) and paragraph (5), respectively, of subdivision (a) of Section 53533. No additional application shall be required to the affected project sponsors.

(c) Because it is the Legislature's intent to avoid the disruption of existing projects, only those portions of a project's budget that is eligible for replacement as the construction or acquisition of a capital asset pursuant to the General Obligation Bond Law (Chapter 4 (commencing with Section 16720) of Part 3 of Division 4 of Title 2 of the Government Code) shall be disencumbered.

(Added by Stats. 2003, Ch. 228, Sec. 25. Effective August 11, 2003.)