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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 HOUSING AND HOME FINANCE [50000 - 54913] (*Division 31 repealed and added by Stats. 1977, Ch. 610.*)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 2. DEPARTMENT OF HOUSING AND COMMUNITY DEVELOPMENT [50400 - 50899.7] (*Heading of Part 2 amended by Stats. 1981, Ch. 996.*)

CHAPTER 8.3. Affordable Housing Revolving Development and Acquisition Program [50705 - 50708] (*Heading of Chapter 8.3 renumbered from Chapter 8.5 (as added by Stats. 2007, Ch. 652) by Stats. 2010, Ch. 610, Sec. 7.*)

50705. (a) The Affordable Housing Revolving Development and Acquisition Program is hereby established for the purpose of funding the acquisition of property to develop or preserve affordable housing. The program will be comprised of a Loan Fund.

(b) The department shall adopt guidelines for the operation of the program. The guidelines shall not be subject to the requirements of Chapter 3.5 (commencing with Section 11340) of Part 1 of Division 3 of Title 2 of the Government Code. The department shall adopt regulations for the program prior to issuing any request for qualifications funded with loan repayments or any other sources.

(Amended by Stats. 2012, Ch. 784, Sec. 1. (AB 1951) Effective January 1, 2013.)

50706. (a) (1) The department shall issue a request for qualification to select a private sector entity to manage the Loan Fund for a period of five years, and the agreement may be extended in additional five-year increments. The selected fund manager shall be responsible for reviewing and approving loan applications, originating and servicing loans, and establishing terms and conditions for loan applications. The fund manager shall meet all of the following criteria:

(A) Be a nonprofit lender with experience making similar loans in this state.

(B) Have originated and serviced loans in the aggregate amount of not less than thirty million dollars (\$30,000,000) that were used to develop or acquire affordable housing, including at least ten million dollars (\$10,000,000) or more in acquisition loans.

(C) Have at least twenty-five million dollars (\$25,000,000) of its own capital invested in loans to affordable housing developers whose characteristics are similar to the criteria the fund manager will be implementing under the new gap acquisition fund.

(D) Be the originator of loans in the aggregate amount of twenty-five million dollars (\$25,000,000) or more using bank or other investor capital.

(2) Applicants for fund manager shall submit a detailed business plan describing how the entity intends to meet the requirements of the Loan Fund. The business plan shall include a description of appropriate financial and internal controls and underwriting standards and procedures. The plan shall also demonstrate how the lender will close loans quickly.

(b) Applicants may apply to the fund manager for loans to purchase real property for the development or preservation of housing affordable to low-income households. Loans made under this section shall be for a maximum term of five years.

(c) Applicants shall demonstrate all of the following:

(1) The support of the local government in which the real property is located for the proposed development project. Support may be demonstrated through a letter from the governing board or the manager of the housing or community development department.

(2) Availability of additional funds equal to three times the loan amount.

(3) Sufficient organizational stability and capacity to carry out the proposed development project for which the property is being purchased. Capacity may be demonstrated by substantial successful experience performing similar activities, or through other means acceptable to the department.

(4) Completion of not less than five housing development projects, with each project having not less than 40 percent of the units sold at an affordable housing cost, as defined in Section 50052.5, or rented at an affordable rent, as defined by Section 50053.

(d) The guidelines and regulations, at a minimum, shall do all of the following:

(1) Establish the minimum criteria required of the fund manager and applicants.

(2) Establish a point system for prioritizing requests in the event that requests exceed the funds available for the program in any given year.

(3) Give priority to applicants that propose development projects with the greatest level of affordability.

(4) Provide that any equity not originally contributed by the borrower shall return to the state for the purposes of this program if the property is sold or transferred for purposes other than affordable housing.

(5) Establish a reasonable fund manager administrative fee.

(e) Funds not lent by the fund manager within 48 months after availability to the fund manager shall be disencumbered and transferred to the Self-Help Housing Fund established under Section 50697.1, to be expended for the purposes of the CalHome Program established under Chapter 6 (commencing with Section 50650).

(Added by Stats. 2007, Ch. 652, Sec. 2. Effective October 13, 2007.)

50708. The department shall collect all of the following from each borrower and include a summary of this information in its last annual report submitted to the Legislature on or before December 31, 2013, pursuant to Section 50408:

(a) A general description of activities undertaken pursuant to this chapter.

(b) For each property acquired, the acquisition price; the amount and terms of the nonstate funds leveraged, and a statement as to whether the state acquisition funds were essential to the leveraging of these other acquisition funds; a description of the expiration date of the project's rent or sales restrictions; the number of assisted units created or preserved; the amount of state funds required for each assisted unit created or preserved; and the level of affordability maintained.

(c) If any borrower sells any property acquired with assistance through these state funds, a description of the name and location of the purchaser, the purchase price, and the total transaction costs.

(d) An overall assessment of the effectiveness of these funds as tools in creating and preserving affordable housing.

(Amended by Stats. 2012, Ch. 784, Sec. 3. (AB 1951) Effective January 1, 2013.)