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AB-90 Federal Housing Trust Fund. (2015-2016)

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Assembly Bill No. 90

CHAPTER 686

An act to amend Section 50408 of, and to add Chapter 6.8 (commencing with Section 50676) to Part 2 of Division 31 of, the Health and Safety Code, relating to housing.

[Approved by Governor October 09, 2015. Filed with Secretary of State October 09, 2015.]

LEGISLATIVE COUNSEL'S DIGEST

AB 90, Chau. Federal Housing Trust Fund.

Existing law establishes the Department of Housing and Community Development in the Business, Consumer Services, and Housing Agency. The department is responsible for administering various housing and home loan programs throughout the state. Existing law also establishes the California Housing Finance Agency within the department, and provides that the primary purpose of the agency is to meet the housing needs of persons and families of low to moderate income.

Existing federal law requires the Secretary of the Department of Housing and Urban Development to establish a Housing Trust Fund to provide grants to states to increase the supply of rental housing for extremely low- and very low income families, including homeless families, and home ownership for extremely low- and very low income families.

This bill would designate the Department of Housing and Community Development as the state agency responsible for administering funds received by the state from the federal Housing Trust Fund. This bill would require the department to administer the funds through existing or newly created programs that produce, preserve, rehabilitate, or support the operation of rental housing for extremely low income and very low income households, except that up to 10% of funding may be used to support home ownership for extremely low income and very low income households. The bill would require any rental project funded from the federal Housing Trust Fund to restrict affordability for 55 years, as specified, and require any home ownership program funded from the federal Housing Trust Fund to restrict affordability for 30 years, as specified.

This bill would require the department to collaborate with the California Housing Finance Agency to develop an allocation plan to demonstrate how the funds will be distributed, based on the priority housing needs identified in the state's consolidated plan, and to convene a stakeholder process to inform the development of the plan. The bill would require the allocation plan and guidelines to give priority to projects based on specified factors. The bill would require the department to submit the plan to the Assembly Committee on Housing and Community Development and the Senate Transportation and Housing Committee 30 days after receipt of the federal funds.

The bill would authorize the department to adopt, amend, or repeal guidelines to implement these provisions. The bill would exempt these guidelines from the Administrative Procedure Act.

Existing law requires, on or before December 31 of each year, the department to submit an annual report, containing specified information, to the Governor and both houses of the Legislature on the operations and accomplishments during the previous

fiscal year of the housing programs administered by the department.

This bill would require that annual report to also include an evaluation of any program established by the department to meet the legal requirements of the Federal Housing Trust Fund program guidelines.

This bill would incorporate additional changes to Section 50408 of the Healthy and Safety Code proposed by AB 388 that would become operative if this bill and AB 388 are enacted and this bill is enacted last.

Vote: majority Appropriation: no Fiscal Committee: yes Local Program: no

THE PEOPLE OF THE STATE OF CALIFORNIA DO ENACT AS FOLLOWS:

SECTION 1. Section 50408 of the Health and Safety Code is amended to read:

50408. (a) On or before December 31 of each year, the department shall submit an annual report to the Governor and both houses of the Legislature on the operations and accomplishments during the previous fiscal year of the housing programs administered by the department, including, but not limited to, the Emergency Housing and Assistance Program and Community Development Block Grant activity.

(b) The report shall include all of the following information:

- (1) The number of units assisted by those programs.
- (2) The number of individuals and households served and their income levels.
- (3) The distribution of units among various areas of the state.
- (4) The amount of other public and private funds leveraged by the assistance provided by those programs.
- (5) Information detailing the assistance provided to various groups of persons by programs that are targeted to assist those groups.
- (6) The information required to be reported pursuant to Section 17031.8.
- (7) An evaluation, in collaboration with the Department of Veterans Affairs, of any program established by the department pursuant to Article 3.2 (commencing with Section 987.001) of Chapter 6 of Division 4 of the Military and Veterans Code.
- (8) An evaluation of any program established by the department to meet the legal requirements of the Federal Housing Trust Fund program guidelines.

SEC. 1.5. Section 50408 of the Health and Safety Code is amended to read:

50408. (a) On or before December 31 of each year, the department shall submit an annual report to the Governor and both houses of the Legislature on the operations and accomplishments during the previous fiscal year of the housing programs administered by the department, including, but not limited to, the Emergency Housing and Assistance Program and Community Development Block Grant activity.

(b) The report shall include all of the following information:

- (1) The number of units assisted by those programs.
- (2) The number of individuals and households served and their income levels.
- (3) The distribution of units among various areas of the state.
- (4) The amount of other public and private funds leveraged by the assistance provided by those programs.
- (5) Information detailing the assistance provided to various groups of persons by programs that are targeted to assist those groups.
- (6) The information required to be reported pursuant to Section 17031.8.
- (7) (A) An evaluation, in collaboration with the Department of Veterans Affairs, of any program established by the department pursuant to Article 3.2 (commencing with Section 987.001) of Chapter 6 of Division 4 of the Military and Veterans Code, including information relating to the effectiveness of assisted projects in helping veterans occupying any supportive housing or transitional housing development that was issued funds pursuant to that article.

(B) The evaluation shall include, but is not limited to, the following information:

(i) Performance outcome data including, but not limited to, housing stability, housing exit information, and tenant satisfaction, which may be measured by a survey, and changes in income, benefits, and education.

(I) For purposes of this paragraph, the term "housing stability" includes, but is not limited to, how many tenants exit transitional housing to permanent housing or maintain permanent housing, and the length of time those tenants spent in assisted units.

(II) For purposes of this paragraph, the term "housing exit information" includes, but is not limited to, the following:

(ia) How many tenants left assisted units.

(ib) The length of tenancy in assisted units.

(ic) The reason those tenants left assisted units, when that information is readily obtainable.

(id) The housing status of a tenant exiting an assisted unit upon exit when that information is readily available.

(ii) Client data, which may include, but is not limited to, demographic characteristics of the veteran and his or her family, educational and employment status of the veteran, and veteran-specific information including, but not limited to, disability ratings, type of discharge, branch, era of service, and veterans affairs health care eligibility.

(8) An evaluation of any program established by the department to meet the legal requirements of the Federal Housing Trust Fund program guidelines.

SEC. 2. Chapter 6.8 (commencing with Section 50676) is added to Part 2 of Division 31 of the Health and Safety Code, to read:

CHAPTER 6.8. Federal Housing Trust Fund

50676. (a) The department is hereby designated as the state agency responsible for administering funds received by the state from the federal Housing Trust Fund pursuant to the Housing and Economic Recovery Act of 2008 (Public Law 110-289), and implementing federal regulations.

(b) The department shall administer the funds through any existing or newly created programs that produce, preserve, rehabilitate, or support the operation of rental housing for extremely low income and very low income households, except that up to 10 percent of funding may be used to support home ownership for extremely low income and very low income households. Any rental project funded from the federal Housing Trust Fund shall restrict affordability for 55 years through a recorded and enforceable affordability covenant. Any home ownership program funded from the federal Housing Trust Fund shall restrict affordability for 30 years through either a recorded and enforceable affordability covenant or a recorded and enforceable equity recapture agreement.

(c) The department shall collaborate with the California Housing Finance Agency to develop an allocation plan to demonstrate how the funds shall be distributed, based on the priority housing needs identified in the state's consolidated plan prepared in accordance with Part 91 (commencing with Section 91.1) of Subtitle A of Title 24 of the Code of Federal Regulations. The department shall submit the plan to the Assembly Committee on Housing and Community Development and the Senate Transportation and Housing Committee 30 days after receipt of the federal funds.

(d) The allocation plan and guidelines shall give priority to projects based on:

(1) Geographic diversity.

(2) The extent to which rents are affordable, especially to extremely low income households.

(3) The merits of a project.

(4) Applicants readiness.

(5) The extent to which projects will use nonfederal funds.

50676.1. (a) The departments shall convene a stakeholder process to inform the development of the allocation plan. Stakeholders represented shall include, but not be limited to, organizations that provide rental housing for extremely low income households and very low income households or assist extremely low income households and very low income households to become homeowners.

(b) The department may adopt, amend, or repeal guidelines to implement this chapter. Any guidelines adopted to implement this chapter shall not be subject to Chapter 3.5 (commencing with Section 11340) of Part 1 of Division 3 of Title 2 of the Government

Code.

SEC. 3. Section 1.5 of this bill incorporates amendments to Section 50408 of the Health and Safety Code proposed by both this bill and Assembly Bill 388. It shall only become operative if (1) both bills are enacted and become effective on or before January 1, 2016, (2) each bill amends Section 50408 of the Health and Safety Code, and (3) this bill is enacted after Assembly Bill 388, in which case Section 1 of this bill shall not become operative.