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AB-434 Housing financing programs: uniform procedures. (2019-2020)

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Date Published: 09/30/2020 09:00 PM

Assembly Bill No. 434

CHAPTER 192

An act to amend Sections 53563 and 53559.1 of, and to amend, repeal, and add Sections 50517.5, 50675.1, 50675.7, 53545.13, 53560, 53562, 53566, 53591 of, the Health and Safety Code, and to amend, repeal, and add Sections 987.005 and 987.010 of the Military and Veterans Code, relating to housing, and making an appropriation therefor.

[Approved by Governor September 28, 2020. Filed with Secretary of State September 28, 2020.]

LEGISLATIVE COUNSEL'S DIGEST

AB 434, Daly. Housing financing programs: uniform procedures.

(1) Existing law establishes, among other housing programs administered by the Department of Housing and Community Development, the Multifamily Housing Program, pursuant to which the department provides assistance in the form of deferred payment loans to pay for specified eligible costs of development of specified housing projects.

This bill would authorize the department, in administering the Multifamily Housing Program, to establish set-asides for specific project types or projects that serve specific target populations.

(2) Existing law requires the department to establish and administer the Joe Serna, Jr. Farmworker Housing Grant Program. Subject to the availability of funds in the Joe Serna, Jr. Farmworker Housing Grant Fund, a continuously appropriated fund, existing law requires the department to provide grants, loans, or both to specified entities for the construction or rehabilitation of housing for agricultural employees, as defined, and their families or for the acquisition of manufactured housing to remedy the impacts of the displacement of farmworker families. Existing law requires the department to supervise grantees of program funds as specified. Existing law authorizes the department, with respect to program grantees, to enter upon and inspect the lands, buildings, and equipment of a grantee and to supervise the operation and maintenance of any housing assisted by the program.

Existing law establishes the CalHome Program, administered by the department, to enable low- and very low income households to become or remain homeowners.

This bill would authorize Joe Serna, Jr. Farmworker Housing Grant Program funds to be used for additional purposes, including loans for the construction or rehabilitation of rental housing for lower-income agricultural employees, loans that assist development projects involving multiple home ownership units for lower-income agricultural employees, and grants for programs that assist lower-income agricultural employees to become or remain homeowners. The bill would authorize the department to determine the amount of appropriated moneys allocated to each of these authorized purposes. The bill would require the department, in administering the program, to make funds available at the same time it makes funds, if any, available under the Multifamily Housing Program or CalHome Program, as specified, rate and rank applications in a manner consistent with the Multifamily Housing Program or CalHome Program, as specified, and administer the funds consistent with the Multifamily Housing Program or CalHome Program, as specified. The bill would remove the provisions establishing the supervision requirements

described above. The bill would also delete the authorizations of the department to enter upon and inspect the lands, buildings, and equipment of a grantee and to supervise the operation and maintenance of any housing assisted by the program.

By authorizing moneys in a continuously appropriated fund to be used for a new purpose, this bill would make an appropriation.

(3) Existing law requires the department to administer the Infill Incentive Grant Program of 2007, also known as the Infill Infrastructure Grant Program, and award competitive grants under that program to selected capital improvement projects that are an integral part of, or necessary to facilitate the development of, a qualifying infill project or a qualifying infill area.

This bill would require the department, in administering the Infill Incentive Grant Program of 2007 with regard to qualifying infill projects, to make funds available at the same time it makes funds available under the Multifamily Housing Program, rate and rank applications in a manner consistent with the Multifamily Housing Program, and administer program funds consistent with the Multifamily Housing Program. The bill would make other conforming changes in this regard.

Existing law requires a project or infill area to satisfy certain conditions to be eligible for funding under the program, including that it be located in an area designated for mixed-use or residential development pursuant to a general plan, project area redevelopment plan, or a regional blueprint plan.

This bill would instead require the project or infill area be located in an area designated for mixed-use or residential development pursuant to a general plan, regional sustainable communities strategy, or alternative planning strategy, as specified.

(4) Existing law establishes the Infill Infrastructure Grant Program of 2019, which requires the Department of Housing and Community Development, upon appropriation of funds by the Legislature, to establish and administer a grant program to allocate those funds to capital improvement projects that are an integral part of, or necessary to facilitate the development of, a qualifying infill project or qualifying infill area, as those terms are defined, pursuant to specified requirements. Existing law defines "eligible applicant" to include a nonprofit or for-profit developer of a qualifying infill project that applies jointly with the city, county, city and county, or public housing authority that has jurisdiction over a qualifying infill area.

This bill would, as of the effective date of these provisions, instead define "eligible applicant" to include a nonprofit or for-profit developer of a qualifying infill project that receives a letter of support from the governing body of the city or county that has jurisdiction over a qualifying infill area.

(5) Existing law establishes the Transit-Oriented Development Implementation Program, to be administered by the department, to provide grants to local agencies and loans to developers for the purpose of developing or facilitating the development of higher density uses within close proximity to transit stations.

This bill would remove the authorization to award grants to local agencies and instead require the local assistance program to provide loans only to developers.

Existing law requires the department, in administering the Transit-Oriented Development Implementation Program, to make loans for development and construction of housing developments that meet specified requirements, including that at least 15% of the units in the proposed development are made available to persons of very low or low income for at least 55 years and the development be located within $\frac{1}{4}$ of a mile of a transit station.

This bill would additionally require a housing development to meet density requirements established by the department, be located in an area designated by the appropriate council of governments for infill development, and meet any other requirements established by the department in order to be eligible for funding. The bill would also require the department, in administering the Transit-Oriented Development Implementation Program, to make funds available at the same time it makes funds available under the Multifamily Housing Program or CalHome Program, rate and rank applications in a manner consistent with the Multifamily Housing Program or CalHome Program, and administer program funds consistent with the Multifamily Housing Program or CalHome Program, depending on whether the funds are for the development of rental housing or owner-occupied housing. The bill would also require that the loan terms of any loan issued pursuant to the program be consistent with the loan terms of the Multifamily Housing Program or CalHome Program, as specified. The bill would make additional conforming changes in this regard.

(6) Existing law requires the Department of Housing and Community Development to establish the Housing for a Healthy California Program to create supportive housing opportunities through grants to counties for capital, rental assistance, and operating subsidies or through operating reserve grants and capital loans to developers.

This bill would require the department, in administering the operating reserve grants and capital loans available to developers under the Housing for a Healthy California Program, to make funds available at the same time it makes funds available under the Multifamily Housing Program, rate and rank applications in a manner consistent with the Multifamily Housing Program, and administer program funds consistent with the Multifamily Housing Program.

(7) Existing law, the Veterans Housing and Homeless Prevention Act of 2014, requires the California Housing Finance Agency, the Department of Housing and Community Development, and the Department of Veterans Affairs (referred to collectively as "the departments") to establish and implement programs that focus on veterans at risk for homelessness or experiencing temporary or chronic homelessness, as specified. In this regard, existing law requires the departments to establish and implement programs that, among other things, prioritize projects that combine housing and supportive services.

This bill would instead require the departments to establish and implement programs that ensure that projects combine housing and supportive services. The bill would also require the departments, in administering the programs, to make funds available at the same time funds are made available under the Multifamily Housing Program, rate and rank applications in a manner consistent with the Multifamily Housing Program, and administer program funds consistent with the Multifamily Housing Program. The bill would also require that the loan terms of any loan issued pursuant to the programs to be consistent with the loan terms of the Multifamily Housing Program, as specified.

(8) Except as specified above, the bill would make these provisions operative on January 1, 2022.

Vote: 2/3 Appropriation: yes Fiscal Committee: yes Local Program: no

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

SECTION 1. Section 50517.5 of the Health and Safety Code is amended to read:

50517.5. (a) (1) The department shall establish the Joe Serna, Jr. Farmworker Housing Grant Program under which, subject to the availability of funds therefor, grants or loans, or both, shall be made to local public entities, nonprofit corporations, limited liability companies, and limited partnerships, for the construction or rehabilitation of housing for agricultural employees and their families or for the acquisition of manufactured housing as part of a program to address and remedy the impacts of current and potential displacement of farmworker families from existing labor camps, mobilehome parks, or other housing. Under this program, grants or loans, or both, may also be made for the cost of acquiring the land and any building thereon in connection with housing assisted pursuant to this section and for the construction and rehabilitation of related support facilities necessary to the housing. In its administration of this program, the department shall disburse grants or loans, or both, to the local public entities, nonprofit corporations, limited liability companies, or limited partnerships or may, at the request of the local public entity, nonprofit corporation, limited liability company, or limited partnership that sponsors and supervises the rehabilitation or construction program, disburse grant funds to agricultural employees who are participants in a rehabilitation or construction program sponsored and supervised by the local public entity, nonprofit corporation, limited liability company, or limited partnership. No part of a grant or loan made pursuant to this section may be used for project organization or planning.

(2) Notwithstanding any other provision of this chapter, upon the request of a grantee the program also may loan funds to a grantee at no more than 3 percent simple interest. Principal and accumulated interest is due and payable upon completion of the term of the loan. For multifamily housing loans made pursuant to this subdivision, the department shall require annual loan payments in the minimum amount necessary to cover the costs of project monitoring. For the first 30 years of the loan term, the amount of the required loan payments shall not exceed 0.42 percent per annum. For any loan made pursuant to this subdivision, the performance requirements of the lien shall remain in effect for a period of no less than the original term of the loan.

(3) The program shall be administered by the Director of Housing and Community Development and officers and employees of the department as they may designate.

(b) (1) The Joe Serna, Jr. Farmworker Housing Grant Fund is hereby created in the State Treasury. Notwithstanding Section 13340 of the Government Code, all money in the fund is continuously appropriated to the department for making grants or loans, or both, pursuant to this section and Section 50517.10, for purposes of Chapter 8.5 (commencing with Section 50710), and for costs incurred by the department in administering these programs.

(2) There shall be paid into the fund the following:

(A) Any moneys appropriated and made available by the Legislature for purposes of the fund.

(B) Any moneys that the department receives in repayment or return of grants or loans from the fund, including any interest therefrom.

(C) Any other moneys that may be made available to the department for the purposes of this chapter from any other source or sources.

(D) All moneys appropriated to the department for the purposes of Chapter 8.5 (commencing with Section 50710) and any moneys received by the department from the occupants of housing or shelter provided pursuant to Chapter 8.5

(commencing with Section 50710). These moneys shall be separately accounted for from the other moneys deposited in the fund.

(c) With respect to the supervision of grantees, the department shall do the following:

(1) Establish minimum capital reserves to be maintained by grantees.

(2) Fix and alter from time to time a schedule of rents that may be necessary to provide residents of housing assisted pursuant to this section with affordable rents to the extent consistent with the maintenance of the financial integrity of the housing project. No grantee shall increase the rent on any unit constructed or rehabilitated with the assistance of funds provided pursuant to this section without the prior permission of the department, which shall be given only if the grantee affirmatively demonstrates that the increase is required to defray necessary operating costs or avoid jeopardizing the fiscal integrity of the housing project.

(3) Determine standards for, and control selection by grantees of, tenants and subsequent purchasers of housing constructed or rehabilitated with the assistance of funds provided pursuant to this section.

(4) (A) Require as a condition precedent to a grant or loan, or both, of funds that the applicant have site control that is satisfactory to the department; that the grantee be record owner in fee of the assisted real property or provide other security including a lien on the manufactured home that is satisfactory to the department to ensure compliance with the construction, financial, and program obligations; and that the grantee shall have entered into a written agreement with the department binding upon the grantee and successors in interest to the grantee. The agreement shall include the conditions under which the funds advanced may be repaid. The agreement shall include provisions for a lien on the assisted real property or manufactured home in favor of the State of California for the purpose of securing performance of the agreement. The agreement shall also provide that the lien shall endure until released by the Director of Housing and Community Development.

(B) If funds granted or loaned pursuant to this section constitute less than 25 percent of the total development cost or value, whichever is applicable, of a project assisted under this section, the department may adopt, by regulation, criteria for determining the number of units in a project to which the restrictions on occupancy contained in the agreement apply. In no event may these regulations provide for the application of the agreement to a percentage of units in a project that is less than the percentage of total development costs that funds granted or loaned pursuant to this section represent.

(C) Contemporaneously with the disbursement of the initial funds to a grantee, the department shall cause to be recorded, in the office of the county recorder of the county in which the assisted real property is located, a notice of lien executed by the Director of Housing and Community Development. The notice of lien shall refer to the agreement required by this paragraph for which it secures and it shall include a legal description of the assisted real property that is subject to the lien. The notice of lien shall be indexed by the recorder in the Grantor Index to the name of the grantee and in the Grantee Index to the name of the State of California, Department of Housing and Community Development. For manufactured housing, the liens shall be recorded by the department in the same manner as other manufactured housing liens are recorded. The department shall adopt by regulation criteria for the determination of the lien period. This regulation shall take into account whether the property is held by multifamily rental, single-family ownership, or cooperative ownership and whether it is new construction or rehabilitative construction. The lien period for manufactured housing liens for manufactured homes shall not exceed 10 years.

(D) Pursuant to regulations adopted by the department, the department may execute and cause to be recorded in the office of the recorder of the county in which a notice of lien has been recorded, or the department, as appropriate, a subordination of the lien. The regulations adopted by the department shall provide that any subordination of the lien shall not jeopardize the security interest of the state and shall further the interest of farmworker housing. The recitals contained in the subordination shall be conclusive in favor of any bona fide purchaser or lender relying thereon.

(E) Prior to funds granted pursuant to this section being used to finance the acquisition of a manufactured home, the grantee shall ensure that the home either is already installed in a location where it will be occupied by the eligible household or that a location has been leased or otherwise made available for the manufactured home to be occupied by the eligible household.

(5) Regulate the terms of occupancy agreements or resale controls, to be used in housing assisted pursuant to this section.

(6) Provide linguistically appropriate services and publications, or require grantees to do so, as necessary to implement the purposes of this section.

(7) The agreement between the department and the grantee shall provide, among other things, that both of the following occur:

(A) Upon the sale or conveyance of the real property, or any part thereof, for use other than for agricultural employee occupancy, the grantee or its successors shall, as a condition for the release of the lien provided pursuant to paragraph (4),

repay to the fund the department's grant and loan funds.

(B) Upon the sale or conveyance of the real property or any part thereof for continued agricultural employee occupancy, the transferee shall assume the obligation of the transferor and the real property shall be transferred to the new owner; provided that the transferee agrees to abide by the agreement entered into between the transferor and the department and that the new owner takes the property subject to the lien provided pursuant to paragraph (4), except that this lien shall, at the time of the transfer of the property to the new owner, be extended for an additional lien period determined by the department pursuant to paragraph (4), and the new owner shall not be credited with the lien period that had run from the time the transferor had acquired the property to the time of transfer to the new owner, unless the department determines that it is in the best interest of the state and consistent with the intent of this section to so credit the lien period to the new owner. However, the lien shall have priority as of the recording date of the lien for the original grantee, pursuant to paragraph (4).

(d) The department may do any of the following with respect to grantees:

(1) Through its agents or employees enter upon and inspect the lands, buildings, and equipment of a grantee, including books and records, at any time before, during, or after construction or rehabilitation of units assisted pursuant to this section. However, there shall be no entry or inspection of any unit that is occupied, whether or not any occupant is actually present, without the consent of the occupant.

(2) Supervise the operation and maintenance of any housing assisted pursuant to this section and order repairs as may be necessary to protect the public interest or the health, safety, or welfare of occupants of the housing.

(e) The department shall include in its annual report required by Section 50408, a current report of the Joe Serna, Jr. Farmworker Housing Grant Program. The report shall include, but need not be limited to, (1) the number of households assisted, (2) the average income of households assisted and the distribution of annual incomes among assisted households, (3) the rents paid by households assisted, (4) the number and amount of grants or loans, or both, made to each grantee in the preceding year, (5) the dollar value of funding derived from sources other than the state for each project receiving a grant or loan, or both, under this section, and an identification of each source, (6) recommendations, as needed, to improve operations of the program and respecting the desirability of extending its application to other groups in rural areas identified by the department as having special need for state housing assistance, and (7) the number of manufactured housing units assisted under this section.

(f) As used in this section:

(1) "Agricultural employee" has the same meaning as specified in subdivision (b) of Section 1140.4 of the Labor Code, but also includes any person who works on or off the farm in the processing of any agricultural commodity until it is shipped for distribution, whether or not this person is encompassed within the definition specified in subdivision (b) of Section 1140.4 of the Labor Code.

(2) "Grantee" means the local public entity, nonprofit corporation, limited liability company, or limited partnership that is awarded the grant or loan, or both, under this section, and, at the request thereof, may include an agricultural employee receiving direct payment of a grant for rehabilitation under this section who occupies the assisted housing both before and after the rehabilitation and may include an agricultural employee receiving direct payment of a grant for construction under this section who will occupy the assisted housing and who is a participant in a rehabilitation or construction program sponsored and supervised by a local public entity, nonprofit corporation, limited liability company, or limited partnership.

(3) "Housing" may include, but is not necessarily limited to, conventionally constructed units and manufactured housing installed pursuant to either Section 18551 or 18613.

(4) "Local public entity" includes, but is not limited to, the duly constituted governing body of an Indian reservation or rancheria or a tribally designated housing entity as defined in Section 4103 of Title 25 of the United States Code and Section 50104.6.5.

(5) "Limited liability company" means a limited liability company where all the members are nonprofit public benefit corporations.

(6) "Limited partnership" means a limited partnership where all of the general partners are either nonprofit public benefit corporations, limited liability companies, or a combination of nonprofit public benefit corporations and limited liability companies.

(7) "Nonprofit corporations" includes, but is not limited to, a tribally designated housing entity as defined in Section 4103 of Title 25 of the United States Code and Section 50104.6.5.

(g) The department may provide the assistance offered pursuant to this chapter in any area where there is a substantial unmet need for farmworker housing.

(h) This section shall remain in effect only until January 1, 2022, and as of that date is repealed.

SEC. 2. Section 50517.5 is added to the Health and Safety Code, to read:

50517.5. (a) (1) The department shall establish the Joe Serna, Jr. Farmworker Housing Grant Program under which, subject to the availability of funds, there shall be made to local public entities, nonprofit corporations, limited liability companies, and limited partnerships, any of the following:

(A) Loans for the construction or rehabilitation of rental housing for lower-income agricultural employees and their families, including the cost of acquiring the land and any building related thereto and constructing or rehabilitating-related support facilities necessary to the housing. For the funds loaned under this subparagraph, the department shall do all of the following:

(i) Make funds available at the same time it makes funds, if any, available under the Multifamily Housing Program (Chapter 6.7 (commencing with Section 50675) of Part 2).

(ii) Rate and rank applications in a manner consistent with the Multifamily Housing Program (Chapter 6.7 (commencing with Section 50675) of Part 2), except that the department may establish additional point categories for the purposes of rating and ranking applications that seek funding pursuant to this paragraph in addition to those used in the Multifamily Housing Program.

(iii) Administer funds subject to this chapter in a manner consistent with the Multifamily Housing Program (Chapter 6.7 (commencing with Section 50675) of Part 2), except that assisted units may serve agricultural employees and their families with incomes of up to 80 percent of the area median income.

(iv) Only applications meeting the threshold requirements of this subparagraph, and any additional threshold requirements established by the department, shall be eligible to receive funds pursuant to this subparagraph.

(B) Loans that assist development projects involving multiple home ownership units, including single-family subdivisions, for lower-income agricultural employees and their families, including the cost of acquiring the land and constructing or rehabilitating-related support facilities necessary to the housing. Upon completion of construction, the department may convert project loans into grants for programs of assistance to lower-income agricultural employees and their families consistent with the process described in subdivision (c) of Section 50650.3. For the funds loaned under this subparagraph, the department shall do all of the following:

(i) Make funds available at the same time it makes funds, if any, available under the CalHome Program authorized by Chapter 6 (commencing with Section 50650).

(ii) Rate and rank applications in a manner consistent with the CalHome Program authorized by Chapter 6 (commencing with Section 50650), except that the department may establish additional point categories for the purposes of rating and ranking applications that seek funding pursuant to this paragraph in addition to those used in the CalHome Program.

(iii) Administer funds subject to this chapter in a manner consistent with the CalHome Program authorized by Chapter 6 (commencing with Section 50650).

(iv) Only applications meeting the threshold requirements of this subparagraph, and any additional threshold requirements established by the department, shall be eligible to receive funds pursuant to this subparagraph.

(C) Grants for programs that assist lower-income agricultural employees and their families to become or remain homeowners consistent with the eligible funding purposes described in Section 50650.3. For the funds granted under this subparagraph, the department shall do all of the following:

(i) Make funds available at the same time it makes funds, if any, available under the CalHome Program authorized by Chapter 6 (commencing with Section 50650).

(ii) Rate and rank applications in a manner consistent with the CalHome Program authorized by Chapter 6 (commencing with Section 50650), except that the department may establish additional point categories for the purposes of rating and ranking applications that seek funding pursuant to this paragraph in addition to those used in the CalHome Program.

(iii) Administer funds subject to this chapter in a manner consistent with the CalHome Program authorized by Chapter 6 (commencing with Section 50650).

(iv) Only applications meeting the threshold requirements of this subparagraph, and any additional threshold requirements established by the department, shall be eligible to receive funds pursuant to this subparagraph.

(D) Grants for the acquisition of manufactured housing as part of a program to address and remedy the impacts of current and potential displacement of lower-income farmworker families from existing labor camps, mobilehome parks, or other housing, including the cost of acquiring the land related to the housing and constructing or rehabilitating-related support facilities necessary to the housing. For the funds granted under this subparagraph, the department shall do all of the following:

(i) Make funds available at the same time it makes funds, if any, available under the CalHome Program authorized by Chapter 6 (commencing with Section 50650).

(ii) Rate and rank applications in a manner consistent with the CalHome Program authorized by Chapter 6 (commencing with Section 50650), except that the department may establish additional point categories for the purposes of rating and ranking applications that seek funding pursuant to this paragraph in addition to those used in the CalHome Program.

(iii) Administer funds subject to this chapter in a manner consistent with the CalHome Program authorized by Chapter 6 (commencing with Section 50650).

(iv) Only applications meeting the threshold requirements of this subparagraph, and any additional threshold requirements established by the department, shall be eligible to receive funds pursuant to this subparagraph.

(2) With respect to any moneys appropriated for the purposes of this section, the department shall determine the amounts, if any to be made available for each of the purposes described in paragraph (1).

(b) (1) The Joe Serna, Jr. Farmworker Housing Grant Fund is hereby created in the State Treasury. Notwithstanding Section 13340 of the Government Code, all money in the fund is continuously appropriated to the department for making grants or loans, or both, pursuant to this section and Section 50517.10, for purposes of Chapter 8.5 (commencing with Section 50710), and for costs incurred by the department in administering these programs.

(2) There shall be paid into the fund the following:

(A) Any moneys appropriated and made available by the Legislature for purposes of the fund.

(B) Any moneys that the department receives in repayment or return of grants or loans from the fund, including any interest therefrom.

(C) Any other moneys that may be made available to the department for the purposes of this chapter from any other source or sources.

(D) All moneys appropriated to the department for the purposes of Chapter 8.5 (commencing with Section 50710) and any moneys received by the department from the occupants of housing or shelter provided pursuant to Chapter 8.5 (commencing with Section 50710). These moneys shall be separately accounted for from the other moneys deposited in the fund.

(c) (1) If funds granted or loaned pursuant to this section constitute less than 25 percent of the total development cost or value, whichever is applicable, of a project assisted under this section, the department may adopt, criteria for determining the number of units in a project to which the restrictions on occupancy contained in the agreement apply. In no event may these regulations provide for the application of the agreement to a percentage of units in a project that is less than the percentage of total development costs that funds granted or loaned pursuant to this section represent.

(2) Prior to funds granted pursuant to this section being used to finance the acquisition of a manufactured home, the grantee shall ensure that the home either is already installed in a location where it will be occupied by the eligible household or that a location has been leased or otherwise made available for the manufactured home to be occupied by the eligible household.

(3) The department shall provide linguistically appropriate services and publications, or require grantees to do so, as necessary to implement the purposes of this section.

(d) The department shall include in its annual report required by Section 50408, a current report of the Joe Serna, Jr. Farmworker Housing Grant Program. The report shall include, but need not be limited to, (1) the number of households assisted, (2) the average income of households assisted and the distribution of annual incomes among assisted households, (3) the rents paid by households assisted, (4) the number and amount of grants or loans, or both, made to each grantee in the preceding year, (5) the dollar value of funding derived from sources other than the state for each project receiving a grant or loan, or both, under this section, and an identification of each source, (6) recommendations, as needed, to improve operations of the program and respecting the desirability of extending its application to other groups in rural areas identified by the department as having special need for state housing assistance, and (7) the number of manufactured housing units assisted under this section.

(e) As used in this section:

(1) "Agricultural employee" has the same meaning as specified in subdivision (b) of Section 1140.4 of the Labor Code, but also includes any person who works on or off the farm in the processing of any agricultural commodity until it is shipped for distribution, whether or not this person is encompassed within the definition specified in subdivision (b) of Section 1140.4 of the Labor Code.

(2) "Grantee" means the local public entity, nonprofit corporation, limited liability company, or limited partnership that is awarded the grant or loan, or both, under this section.

(3) "Housing" may include, but is not necessarily limited to, conventionally constructed units and manufactured housing installed pursuant to either Section 18551 or 18613.

(4) "Local public entity" includes, but is not limited to, the duly constituted governing body of an Indian reservation or rancheria or a tribally designated housing entity as defined in Section 4103 of Title 25 of the United States Code and Section 50104.6.5.

(5) "Limited liability company" means a limited liability company where all the members are nonprofit public benefit corporations.

(6) "Limited partnership" means a limited partnership where all of the general partners are either nonprofit public benefit corporations, limited liability companies, or a combination of nonprofit public benefit corporations and limited liability companies.

(7) "Nonprofit corporations" includes, but is not limited to, a tribally designated housing entity as defined in Section 4103 of Title 25 of the United States Code and Section 50104.6.5.

(f) The department may provide the assistance offered pursuant to this chapter in any area where there is a substantial unmet need for farmworker housing.

(g) The department may adopt guidelines to administer this chapter. Guidelines adopted pursuant to this subdivision 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.

(h) This section shall become operative on January 1, 2022.

SEC. 3. Section 50675.1 of the Health and Safety Code is amended to read:

50675.1. (a) This chapter shall be known and may be cited as the Multifamily Housing Program.

(b) Assistance provided to a project pursuant to this chapter, excluding assistance provided pursuant to Section 50675.1.1, shall be provided in the form of a deferred payment loan to pay for the eligible costs of development as hereafter described.

(c) Except as provided in paragraph (3), on and after January 1, 2008, of the total assistance provided under this chapter, the percentage that is awarded for units restricted to senior citizens, as defined in paragraph (1) of subdivision (b) of Section 51.3 of the Civil Code, shall be proportional to the percentage of lower income renter households in the state that are lower income elderly renter households, as reported by the United States Department of Housing and Urban Development on the basis of the most recent American Community Survey or successor survey conducted by the United States Census Bureau.

(1) The department shall be deemed to have met its obligation under this subdivision if the assistance awarded is not less than 1 percent below the proportional share.

(2) This subdivision does not require the department to provide loans to projects that fail to meet minimum threshold requirements under subdivision (b) of Section 50675.7.

(3) Assistance for projects meeting the definition in paragraph (3) of subdivision (b) of Section 50675.14 shall be excluded from the total assistance calculation under this subdivision.

(4) The department shall determine the time period over which it will measure compliance with this section, but that period shall not be less than one year or two funding cycles, whichever period is longer.

(5) If, at the end of the time period determined by the department, the total amount of funding for which sponsors have submitted qualified applications is lower than the proportional share, the department may award the remaining funds to units that are not restricted to senior citizens.

(6) The department's annual report to the Legislature submitted under Section 50408 shall include a breakdown of funding awards between units restricted to senior citizens and units that are not age-restricted.

(d) This chapter shall be administered by the department and the department shall establish the terms upon which loans may be made consistent with the provisions of this chapter.

(e) This section shall remain in effect only until January 1, 2022, and as of that date is repealed.

SEC. 4. Section 50675.1 is added to the Health and Safety Code, to read:

50675.1. (a) This chapter shall be known and may be cited as the Multifamily Housing Program.

(b) Assistance provided to a project pursuant to this chapter, excluding assistance provided pursuant to Section 50675.1.1, shall be provided in the form of a deferred payment loan to pay for the eligible costs of development as hereafter described.

(c) Except as provided in paragraph (3), on and after January 1, 2008, of the total assistance provided under this chapter, the percentage that is awarded for units restricted to senior citizens, as defined in paragraph (1) of subdivision (b) of Section 51.3 of the Civil Code, shall be proportional to the percentage of lower income renter households in the state that are lower income elderly renter households, as reported by the United States Department of Housing and Urban Development on the basis of the most recent American Community Survey or successor survey conducted by the United States Census Bureau.

(1) The department shall be deemed to have met its obligation under this subdivision if the assistance awarded is not less than 1 percent below the proportional share.

(2) This subdivision does not require the department to provide loans to projects that fail to meet minimum threshold requirements under subdivision (b) of Section 50675.7.

(3) Assistance for projects meeting the definition in paragraph (3) of subdivision (b) of Section 50675.14 shall be excluded from the total assistance calculation under this subdivision.

(4) The department shall determine the time period over which it will measure compliance with this section, but that period shall not be less than one year or two funding cycles, whichever period is longer.

(5) If, at the end of the time period determined by the department, the total amount of funding for which sponsors have submitted qualified applications is lower than the proportional share, the department may award the remaining funds to units that are not restricted to senior citizens.

(6) The department's annual report to the Legislature submitted under Section 50408 shall include a breakdown of funding awards between units restricted to senior citizens and units that are not age-restricted.

(d) This chapter shall be administered by the department and the department shall establish the terms upon which loans may be made consistent with the provisions of this chapter.

(e) In any notice of funding availability offered pursuant to this chapter, or for any funding that is to be offered by using rating and ranking criteria that is consistent with the Multifamily Housing Program or the CalHome program authorized by Chapter 6 (commencing with Section 50650), the Department may require applicants to specify the source and amount of funding being applied for. The requirement may be set forth in either the application materials or notice of funding availability. Any requirement imposed by the department pursuant to this subdivision shall not be subject to the requirements of Chapter 3.5 (commencing with Section 11340) of Division 3 of Title 2 of the Government Code.

(f) Any reference outside this chapter to rating and ranking applications in a manner consistent with the Multifamily Housing Program or CalHome Program authorized by Chapter 6 (commencing with Section 50650), or administering funds consistent with the Multifamily Housing Program or CalHome Program, shall not be interpreted to authorize funding criteria or requirements that conflict with those that are or were approved by the voters through a statewide initiative or referendum.

(g) This section shall become operative on January 1, 2022.

SEC. 5. Section 50675.7 of the Health and Safety Code is amended to read:

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

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

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

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

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

(3) The proposed project shall be feasible.

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

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

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

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

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

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

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

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

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

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

(g) This section shall remain in effect only until January 1, 2022, and as of that date is repealed.

SEC. 6. Section 50675.7 is added to the Health and Safety Code, to read:

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

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

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

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

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

(3) The proposed project shall be feasible.

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

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

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

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

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

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

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

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

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

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

(g) The department may establish set-asides for specific project types or projects that serve specific target populations.

(h) This section shall become operative on January 1, 2022.

SEC. 7. Section 53545.13 of the Health and Safety Code is amended to read:

53545.13. (a) The Infill Incentive Grant Program of 2007 is hereby established to be administered by the department.

(b) Upon appropriation of funds by the Legislature for the purpose of implementing paragraph (1) of subdivision (b) of Section 53545, the department shall establish and administer a competitive grant program to allocate those funds to selected capital improvement projects that are an integral part of, or necessary to facilitate the development of, a qualifying infill project or a qualifying infill area.

(c) A qualifying infill project or qualifying infill area for which a capital improvement project grant may be awarded shall meet all of the following conditions:

(1) (A) Be located in a city, county, or city and county, in which the general plan of the city, county, or city and county, has an adopted housing element that has been found by the department, pursuant to Section 65585 of the Government Code, to be in compliance with the requirements of Article 10.6 (commencing with Section 65580) of Chapter 3 of Division 1 of Title 7 of the Government Code.

(B) The requirements of this paragraph shall not apply to the duly constituted governing body of an Indian reservation or rancheria or tribally designated housing entity as defined in Section 4103 of Title 25 of the United States Code and Section 50104.6.5.

(2) Include not less than 15 percent of affordable units, as follows:

(A) For projects that contain both rental and ownership units, units of either or both product types may be included in the calculation of the affordability criteria.

(B) (i) To the extent included in a project grant application, for the purpose of calculating the percentage of affordable units, the department may consider the entire master development in which the development seeking grant funding is included.

(ii) Where applicable, an applicant may include a replacement housing plan to ensure that dwelling units housing persons and families of low or moderate income are not removed from the low- and moderate-income housing market. Residential units to be replaced may not be counted toward meeting the affordability threshold required for eligibility for funding under this section.

(C) For the purposes of this subdivision, "affordable unit" means a unit that is made available at an affordable rent, as defined in Section 50053, to a household earning no more than 60 percent of the area median income or at an affordable housing cost, as defined in Section 50052.5, to a household earning no more than 120 percent of the area median income. Rental units shall be subject to a recorded covenant that ensures affordability for at least 55 years. Ownership units shall initially be sold to and occupied by a qualified household, and subject to a recorded covenant that includes either a resale restriction for at least 30 years or equity sharing upon resale.

(D) A qualifying infill project or qualifying infill area for which a disposition and development agreement or other project- or area-specific agreement between the developer and the local agency having jurisdiction over the project has been executed on or before the effective date of the act adding this section, shall be deemed to meet the affordability requirement of this paragraph (2) if the agreement includes affordability covenants that subject the project or area to the production of affordable units for very low, low-, or moderate-income households.

(3) Include average residential densities on the parcels to be developed that are equal to or greater than the densities described in subparagraph (B) of paragraph (3) of subdivision (c) of Section 65583.2 of the Government Code, except that a project located in a rural area as defined in Section 50199.21 shall include average residential densities on the parcels to be developed of at least 10 units per acre.

(4) Be located in an area designated for mixed-use or residential development pursuant to one of the following adopted plans:

(A) A general plan adopted pursuant to Section 65300 of the Government Code.

(B) A project area redevelopment plan approved pursuant to Section 33330.

(C) A regional blueprint plan as defined in the California Regional Blueprint Planning Program administered by the Business, Transportation and Housing Agency, or a regional plan as defined in Section 65060.7 of the Government Code.

(5) For qualifying infill projects or qualifying infill areas located in a redevelopment project area, meet the requirements contained in subdivision (a) of Section 33413.

(d) In its review and ranking of applications for the award of capital improvement project grants, the department shall rank the affected qualifying infill projects and qualifying infill areas based on the following priorities:

(1) Project readiness, which shall include all of the following:

(A) A demonstration that the project or area development can complete environmental review and secure necessary entitlements from the local jurisdiction within a reasonable period of time following the submittal of a grant application.

(B) A demonstration that the eligible applicant can secure sufficient funding commitments derived from sources other than this part for the timely development of a qualifying infill project or development of a qualifying infill area.

(C) A demonstration that the project or area development has sufficient local support to achieve the proposed improvement.

(2) The depth and duration of the affordability of the housing proposed for a qualifying infill project or qualifying infill area.

(3) The extent to which the average residential densities on the parcels to be developed exceed the density standards contained in paragraph (3) of subdivision (c).

(4) The qualifying infill project's or qualifying infill area's inclusion of, or proximity or accessibility to, a transit station or major transit stop.

(5) The proximity of housing to parks, employment or retail centers, schools, or social services.

(6) The qualifying infill project or qualifying infill area location's consistency with an adopted regional blueprint plan or other adopted regional growth plan intended to foster efficient land use.

(e) In allocating funds pursuant to this section, the department, to the maximum extent feasible, shall ensure a reasonable geographic distribution of funds.

(f) Funds awarded pursuant to this section shall supplement, not supplant, other available funding.

(g) (1) The department shall adopt guidelines for the operation of the grant program, including guidelines to ensure the tax-exempt status of the bonds issued pursuant to this part, and may administer the program under those guidelines.

(2) The guidelines shall include provisions for the reversion of grant awards that are not encumbered within four years of the fiscal year in which an award was made, and for the recapture of grants awarded, but for which development of the related housing units has not progressed in a reasonable period of time from the date of the grant award, as determined by the department.

(3) The guidelines shall not be subject to the requirements of Chapter 3.5 (commencing with Section 11340) of Division 3 of Title 2 of the Government Code.

(h) For each fiscal year within the duration of the grant program, the department shall include within the report to the Legislature, required by Section 50408, information on its activities relating to the grant program. The report shall include, but is not limited to, the following information:

(1) A summary of the projects that received grants under the program for each fiscal year that grants were awarded.

(2) The description, location, and estimated date of completion for each project that received a grant award under the program.

(3) An update on the status of each project that received a grant award under the program, and the number of housing units created or facilitated by the program.

(i) Notwithstanding paragraph (3) of subdivision (c), a city of greater than 100,000 in population in a standard metropolitan statistical area of less than 2,000,000 in population may petition the department for, and the department may grant, an exception to the jurisdiction's classification pursuant to subdivisions (d) to (f), inclusive, of Section 65583.2 of the Government Code, if the city believes it is unable to meet the density requirements specified in paragraph (3) of subdivision (c). The city shall submit the petition with its application and shall include the reasons why the city believes the exception is warranted. The city shall provide information supporting the need for the exception, including, but not limited to, any limitations that the city may encounter in meeting the density requirements specified in paragraph (3) of subdivision (c). Any exception shall be for the purposes of this section only. This subdivision shall become inoperative on January 1, 2015.

(j) For notices of funding availability released after July 1, 2021, in awarding funds under the program, the department shall provide additional points or preference to projects located in jurisdictions that have adopted a housing element that has been found by the department to be in substantial compliance with the requirements of Article 10.6 (commencing with Section 65580) of Chapter 3 of Division 1 of Title 7 of the Government Code pursuant to Section 65585 of the Government Code and that are designated prohousing pursuant to subdivision (c) of Section 65589.9 of the Government Code, in the manner determined by the department pursuant to subdivision (d) of Section 65589.9 of the Government Code.

(k) This section shall remain in effect only until January 1, 2022, and as of that date is repealed.

SEC. 8. Section 53545.13 is added to the Health and Safety Code, to read:

53545.13. (a) The Infill Incentive Grant Program of 2007 is hereby established to be administered by the department.

(b) Upon appropriation of funds by the Legislature for the purpose of implementing paragraph (1) of subdivision (b) of Section 53545, the department shall establish and administer a competitive grant program to allocate those funds to selected capital improvement projects that are an integral part of, or necessary to facilitate the development of, a qualifying infill project or a qualifying infill area. The department shall determine amounts, if any, to be made available for qualifying infill projects and for qualifying infill areas.

(c) (1) For the funds granted to qualifying infill projects under this section, the department shall do all of the following:

(A) Make program funds available at the same time it makes funds, if any, available under the Multifamily Housing Program (Chapter 6.7 (commencing with Section 50675) of Part 2).

(B) Rate and rank applications in a manner consistent with the Multifamily Housing Program (Chapter 6.7 (commencing with Section 50675) of Part 2), except that the department may establish additional point categories for the purposes of rating and ranking applications that seek funding pursuant to this section in addition to those used in the Multifamily Housing Program.

(C) Administer funds subject to this section in a manner consistent with the Multifamily Housing Program (Chapter 6.7 (commencing with Section 50675) of Part 2).

(2) Only applications meeting the threshold requirements of subdivision (c) of this section, subdivision (e) of Section 53545.12, and any additional threshold requirements established by the department, shall be eligible to receive funds as a qualifying infill project pursuant to this section.

(d) A qualifying infill project or qualifying infill area for which a capital improvement project grant may be awarded shall meet all of the following conditions:

(1) (A) A qualifying infill area shall be located only in a city, county, or city and county, in which the general plan of the city, county, or city and county, has an adopted housing element that has been found by the department, pursuant to Section 65585 of the Government Code, to be in compliance with the requirements of Article 10.6 (commencing with Section 65580) of Chapter 3 of Division 1 of Title 7 of the Government Code.

(B) The requirements of this paragraph shall not apply to the duly constituted governing body of an Indian reservation or rancheria or tribally designated housing entity as defined in Section 4103 of Title 25 of the United States Code and Section 50104.6.5.

(2) Include not less than 15 percent of affordable units, as follows:

(A) For projects that contain both rental and ownership units, units of either or both product types may be included in the calculation of the affordability criteria.

(B) (i) To the extent included in a project grant application, for the purpose of calculating the percentage of affordable units, the department may consider the entire master development in which the development seeking grant funding is included.

(ii) Where applicable, an applicant may include a replacement housing plan to ensure that dwelling units housing persons and families of low or moderate income are not removed from the low- and moderate-income housing market. Residential units to be replaced may not be counted toward meeting the affordability threshold required for eligibility for funding under this section.

(C) For the purposes of this subdivision, "affordable unit" means a unit that is made available at an affordable rent, as defined in Section 50053, to a household earning no more than 60 percent of the area median income or at an affordable housing cost, as defined in Section 50052.5, to a household earning no more than 120 percent of the area median income. Rental units shall be subject to a recorded covenant that ensures affordability for at least 55 years. Ownership units shall initially be sold to and occupied by a qualified household, and subject to a recorded covenant that includes either a resale restriction for at least 30 years or equity sharing upon resale.

(D) A qualifying infill project or qualifying infill area for which a disposition and development agreement or other project- or area-specific agreement between the developer and the local agency having jurisdiction over the project has been executed on or before the effective date of the act adding this section, shall be deemed to meet the affordability requirement of this paragraph if the agreement includes affordability covenants that subject the project or area to the production of affordable units for very low, low-, or moderate-income households.

(3) Include average residential densities on the parcels to be developed that are equal to or greater than the densities described in subparagraph (B) of paragraph (3) of subdivision (c) of Section 65583.2 of the Government Code, except that a project located in a rural area as defined in Section 50199.21 shall include average residential densities on the parcels to be developed of at least 10 units per acre.

(4) Be located in an area designated for mixed-use or residential development pursuant to one of the following adopted plans:

(A) A general plan adopted pursuant to Section 65300 of the Government Code.

(B) A regional sustainable communities strategy or alternative planning strategy approved pursuant to Section 65080 of the Government Code.

(e) In its review and ranking of applications for the award of capital improvement project grants for qualifying infill areas, the department shall rank the affected qualifying infill areas based on the following priorities:

(1) Project readiness, which shall include all of the following:

(A) A demonstration that the area development can complete environmental review and secure necessary entitlements from the local jurisdiction within a reasonable period of time following the submittal of a grant application.

(B) A demonstration that the eligible applicant can secure sufficient funding commitments derived from sources other than this part for the timely development of a qualifying infill area.

(C) A demonstration that the area development has sufficient local support to achieve the proposed improvement.

(2) The depth and duration of the affordability of the housing proposed for a qualifying infill area.

(3) The extent to which the average residential densities on the parcels to be developed exceed the density standards contained in paragraph (3) of subdivision (c).

(4) The qualifying infill area's inclusion of, or proximity or accessibility to, a transit station or major transit stop.

(5) The proximity of housing to parks, employment or retail centers, schools, or social services.

(6) The qualifying infill area location's consistency with an adopted sustainable communities strategy, alternative planning strategy, or other adopted regional growth plan intended to foster efficient land use.

(f) In allocating funds for qualifying infill areas pursuant to this section, the department, to the maximum extent feasible, shall ensure a reasonable geographic distribution of funds.

(g) Funds awarded pursuant to this section shall supplement, not supplant, other available funding.

(h) (1) The department shall adopt guidelines for the operation of the grant program, including guidelines to ensure the tax-exempt status of the bonds issued pursuant to this part, and may administer the program under those guidelines.

(2) The guidelines shall include provisions for the reversion of grant awards that are not encumbered within four years of the fiscal year in which an award was made, and for the recapture of grants awarded, but for which development of the related housing units has not progressed in a reasonable period of time from the date of the grant award, as determined by the department.

(3) The guidelines shall not be subject to the requirements of Chapter 3.5 (commencing with Section 11340) of Division 3 of Title 2 of the Government Code.

(i) For each fiscal year within the duration of the grant program, the department shall include within the report to the Legislature, required by Section 50408, information on its activities relating to the grant program. The report shall include, but is not limited to, the following information:

(1) A summary of the projects that received grants under the program for each fiscal year that grants were awarded.

(2) The description, location, and estimated date of completion for each project that received a grant award under the program.

(3) An update on the status of each project that received a grant award under the program, and the number of housing units created or facilitated by the program.

(j) For notices of funding availability for qualifying infill areas released after July 1, 2021, in awarding funds under the program, the department shall provide additional points or preference to projects located in jurisdictions that are designated prohousing pursuant to subdivision (c) of Section 65589.9 of the Government Code, in the manner determined by the department pursuant to subdivision (d) of Section 65589.9 of the Government Code.

(k) This section shall become operative on January 1, 2022.

SEC. 9. Section 53559.1 of the Health and Safety Code is amended to read:

53559.1. For the purposes of this part, the following definitions apply:

(a) "Capital improvement project" means the construction, rehabilitation, demolition, relocation, preservation, acquisition, or other physical improvement of a capital asset, as defined in subdivision (a) of Section 16727 of the Government Code, that is an integral part of, or necessary to facilitate the development of, a qualifying infill project or qualifying infill area. Capital improvement projects that may be funded under the grant program established by this part include, but are not limited to, those related to the following:

(1) Water, sewer, or other utility service improvements.

(2) Streets, roads, or transit linkages or facilities, including, but not limited to, related access plazas or pathways, bus or transit shelters, or facilities that support pedestrian or bicycle transit.

(3) Qualifying infill project or qualifying infill area site preparation or demolition.

(4) Sidewalk or streetscape improvements, including, but not limited to, the reconstruction or resurfacing of sidewalks and streets or the installation of lighting, signage, or other related amenities.

(b) "Eligible applicant" means either of the following:

(1) A city, county, city and county, or public housing authority that has jurisdiction over a qualifying infill area.

(2) A nonprofit or for-profit developer of a qualifying infill project that has received a letter of support from the governing body of the city, county, or city and county that has jurisdiction over a qualifying infill project. For purposes of this paragraph, "governing body" means a city council or a board of supervisors of a county or city and county.

(c) "Small jurisdiction" means a county with a population of less than 250,000 as of January 1, 2019, or any city within that county.

(d) "Large jurisdiction" means a county that is not a small jurisdiction, or any city within that county.

(e) "Urbanized area" means an incorporated city or an urbanized area or urban cluster as defined by the United States Census Bureau. For unincorporated areas outside of an urban area or urban cluster, the area must be within a designated urban service area that is designated in the local general plan for urban development and is served by the public sewer and water.

(f) "Urban uses" means any residential, commercial, industrial, public institutional, transit or transportation passenger facility, or retail use, or any combination of those uses.

SEC. 10. Section 53560 of the Health and Safety Code is amended to read:

53560. (a) There is hereby established the Transit-Oriented Development Implementation Program, to be administered by the Department of Housing and Community Development, to provide local assistance to cities, counties, cities and counties, transit agencies, and developers for the purpose of developing or facilitating the development of higher density uses within close proximity to transit stations that will increase public transit riderships.

(b) This section shall remain in effect only until January 1, 2022, and as of that date is repealed.

SEC. 11. Section 53560 is added to the Health and Safety Code, to read:

53560. (a) There is hereby established the Transit-Oriented Development Implementation Program, to be administered by the Department of Housing and Community Development, to provide local assistance to developers for the purpose of developing higher density uses within close proximity to transit stations that will increase public transit riderships.

(b) The department may adopt guidelines to administer this part. Guidelines adopted pursuant to this subdivision 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.

(c) This section shall become operative on January 1, 2022.

SEC. 12. Section 53562 of the Health and Safety Code is amended to read:

53562. (a) To the extent that funds are available, the department shall make grants to cities, counties, cities and counties, or transit agencies for the provision of infrastructure necessary for the development of higher density uses within close proximity to a transit station, or to facilitate connections between that development and the station.

(b) To the extent that funds are available, the department shall make loans for the development and construction of a housing development project within close proximity to a transit station. To be eligible for a loan, at least 15 percent of the units in the proposed development shall be made available at an affordable rent or at an affordable housing cost to persons of very low or low income for at least 55 years. Developments assisted pursuant to this subdivision shall be on parcels at least a portion of which are located within one-quarter mile of a transit station. A housing development project may include a mixed-use development consisting of residential and nonresidential uses.

(c) As used in this part, "transit station" shall have the same meaning as defined in subdivision (b) of Section 65460.1 of the Government Code.

(d) This section shall remain in effect only until January 1, 2022, and as of that date is repealed.

SEC. 13. Section 53562 is added to the Health and Safety Code, to read:

53562. (a) To the extent that funds are available, the department shall make loans for the development and construction of a housing development project within close proximity to a transit station. To be eligible for a loan, the housing development project shall meet all of the following:

(1) At least 15 percent of the units in the proposed development shall be made available at an affordable rent or at an affordable housing cost to persons of very low or low income for at least 55 years.

(2) Be located on parcels at least a portion of which are located within one-quarter mile of a transit station. A housing development project may include a mixed-use development consisting of residential and nonresidential uses.

(3) Meet minimum density requirements, as established by the department.

(4) Be located in an area designated by the appropriate council of governments for infill development as part of the region's sustainable communities strategy adopted pursuant to Section 65080 of the Government Code.

(5) Meet any other threshold requirement established by the department.

(b) With respect to loans for the development of rental housing, the department shall do all of the following:

(1) Make program funds available at the same time it makes funds, if any, available under the Multifamily Housing Program (Chapter 6.7 (commencing with Section 50675) of Part 2).

(2) Rate and rank applications in a manner consistent with the Multifamily Housing Program (Chapter 6.7 (commencing with Section 50675) of Part 2), except that the department may establish additional point categories for the purposes of rating and ranking applications that seek funding pursuant to this subdivision in addition to those used in the Multifamily Housing Program.

(3) Administer funds in a manner consistent with the Multifamily Housing Program (Chapter 6.7 (commencing with Section 50675) of Part 2).

(c) With respect to loans for the development of owner-occupied housing, the department shall do all of the following:

(1) Make funds available at the same time it makes funds, if any, available under the CalHome Program (Chapter 6 (commencing with Section 50650) of Part 2).

(2) Rate and rank applications in a manner consistent with the CalHome Program (Chapter 6 (commencing with Section 50650) of Part 2), except that the department may establish additional point categories for the purposes of rating and ranking applications that seek funding pursuant to this subdivision in addition to those used in the CalHome Program.

(3) Administer funds in a manner consistent with the CalHome Program (Chapter 6 (commencing with Section 50650) of Part 2).

(d) With respect to any moneys appropriated for the purposes of this part, the department shall determine the amounts, if any, to be made available for each of the purposes described in subdivisions (b) and (c).

(e) Only applications meeting the threshold requirements of subdivision (a) shall be eligible to receive funds pursuant to this part.

(f) As used in this part, "transit station" shall have the same meaning as defined in subdivision (b) of Section 65460.1 of the Government Code.

(g) This section shall become operative on January 1, 2022.

SEC. 14. Section 53563 of the Health and Safety Code is amended to read:

53563. (a) In ranking applications pursuant to this part, the department shall, among other criteria, consider the extent to which the project or development will increase public transit ridership and minimize automobile trips.

(b) The department shall also grant bonus points to projects or developments that are in an area designated by the appropriate council of governments for infill development as part of a regional plan.

(c) This section shall remain in effect only until January 1, 2022, and as of that date is repealed.

SEC. 15. Section 53566 of the Health and Safety Code is amended to read:

53566. (a) For any loans issued pursuant to this part, principal and accumulated interest is due and payable upon completion of the term of the loan. The loan shall bear simple interest at the rate of 3 percent per annum on the unpaid principal balance. The department shall require annual loan payments in the minimum amount necessary to cover the costs of project monitoring. For the first 30 years of the loan term, the amount of the required loan payments shall not exceed 0.42 percent per annum.

(b) All moneys received by the department in repayment of loans made pursuant to this part, including interest and payments in advance in lieu of future interest, shall be deposited in the Housing Rehabilitation Loan Fund established by Section 50661, and, notwithstanding Section 13340 of the Government Code, are continuously appropriated to the department for the purposes of the Multifamily Housing Program (Chapter 6.7 (commencing with Section 50675) of Part 2), except as otherwise provided in this section.

(c) The department may designate an amount not to exceed 1.5 percent of funds appropriated for use pursuant to this section for the purposes of curing or averting a default on the terms of any loan or other obligation by the recipient of financial assistance, or bidding at any foreclosure sale where the default or foreclosure sale would jeopardize the department's security in the rental housing development assisted pursuant to this part. The funds so designated shall be known as the "default reserve."

(d) The department may use default reserve funds made available pursuant to this section to repair or maintain any rental housing development assisted pursuant to this part that was acquired to protect the department's security interest.

(e) The payment or advance of funds by the department pursuant to this section shall be exclusively within the department's discretion, and no person shall be deemed to have any entitlement to the payment or advance of those funds. The amount of any funds expended by the department for the purposes of curing or averting a default shall be added to the loan amount secured by the rental housing development and shall be payable to the department upon demand.

(f) All moneys set aside for the default reserve by the department pursuant to this section shall be deposited in the Transit-Oriented Development Implementation Fund established by Section 53561, and, notwithstanding Section 13340 of the Government Code, are continuously appropriated to the department for the purposes of the default reserve set forth above in this section.

(g) This section shall remain in effect only until January 1, 2022, and as of that date is repealed.

SEC. 16. Section 53566 is added to the Health and Safety Code, to read:

53566. (a) For any loans issued pursuant to this part, both of the following shall apply:

(1) Loan terms for rental housing shall be consistent with Section 50675.6 and any other requirements concerning loan terms in the Multifamily Housing Program (Chapter 6.7 (commencing with Section 50675) of Part 2).

(2) Loan terms for owner-occupied housing shall be consistent with requirements concerning loan terms in the CalHome Program (Chapter 6 (commencing with Section 50650) of Part 2).

(b) All moneys received by the department in repayment of loans made pursuant to this part, including interest and payments in advance in lieu of future interest, shall be deposited in the Housing Rehabilitation Loan Fund established by Section 50661, and, notwithstanding Section 13340 of the Government Code, are continuously appropriated to the department for the purposes of the Multifamily Housing Program (Chapter 6.7 (commencing with Section 50675) of Part 2), except as otherwise provided in this section.

(c) The department may designate an amount not to exceed 1.5 percent of funds appropriated for use pursuant to this section for the purposes of curing or averting a default on the terms of any loan or other obligation by the recipient of financial assistance, or bidding at any foreclosure sale where the default or foreclosure sale would jeopardize the department's security in the rental housing development assisted pursuant to this part. The funds so designated shall be known as the "default reserve."

(d) The department may use default reserve funds made available pursuant to this section to repair or maintain any rental housing development assisted pursuant to this part that was acquired to protect the department's security interest.

(e) The payment or advance of funds by the department pursuant to this section shall be exclusively within the department's discretion, and no person shall be deemed to have any entitlement to the payment or advance of those funds. The amount of any funds expended by the department for the purposes of curing or averting a default shall be added to the loan amount secured by the rental housing development and shall be payable to the department upon demand.

(f) All moneys set aside for the default reserve by the department pursuant to this section shall be deposited in the Transit-Oriented Development Implementation Fund established by Section 53561, and, notwithstanding Section 13340 of the Government Code, are continuously appropriated to the department for the purposes of the default reserve set forth above in this section.

(g) This section shall become operative on January 1, 2022.

SEC. 17. Section 53591 of the Health and Safety Code is amended to read:

53591. The department shall do all of the following:

(a) On or before January 1, 2019, establish the Housing for a Healthy California Program to create supportive housing opportunities through either or both of the following:

(1) Grants to counties for capital, rental assistance, and operating subsidies. The department shall award grants to counties on a competitive basis pursuant to rating and ranking criteria that include, but are not limited to, points based upon all of the following:

(A) Need, which includes consideration of the number of individuals experiencing homelessness and the impact of housing costs in the county.

(B) Ability of the county to administer or partner to administer a program offering capital loans, rental assistance, or operating subsidies in supportive housing, based on the county's proposed use of program funds. Operating subsidies may include operating reserves.

(C) The county's documented partnerships with affordable and supportive housing providers in the county.

(D) Demonstrated commitment to address the needs of people experiencing homelessness through existing programs or programs planned to be implemented within 12 months.

(E) Preferences or set asides for housing populations established by the department pursuant to Section 53595.

(F) Coordination with all of the following:

(i) Community-based housing and homeless service providers.

(ii) Behavioral health providers.

(iii) Safety net providers, including community health centers.

(2) Operating reserve grants and capital loans to developers. The department may use existing guidelines in awarding grants and loans to developers.

(b) Until August 31, 2022, if the department elects to fund operating grants and loans to developers in any year, or before August 31, submit federal Housing Trust Fund allocation plans to the Department of Housing and Urban Development that includes state objectives consistent with the goals of this part.

(c) Draft any necessary regulations, guidelines, and notices of funding availability for stakeholder comment.

(d) Midyear and annually, collect data from counties and developers awarded grant or loan funds.

(e) No later than October 1, 2020, contract with an independent evaluator to analyze data collected pursuant to Section 53593 to determine changes in health care costs and utilization associated with services and housing provided under the program. The department shall provide, on a regular basis as needed, collected data to the evaluator.

(f) (1) On or before January 1, 2024, report data collected to the Assembly Committee on Budget, the Senate Committee on Budget and Fiscal Review, the Assembly and Senate Committees on Health, the Assembly Committee on Housing and Community Development, and the Senate Committee on Transportation and Housing.

(2) A report to be submitted pursuant to paragraph (1) shall be submitted in compliance with Section 9795 of the Government Code.

(g) The department is encouraged to consult with the State Department of Health Care Services where appropriate to carry out the intent of this section.

(h) This section shall remain in effect only until January 1, 2022, and as of that date is repealed.

SEC. 18. Section 53591 is added to the Health and Safety Code, to read:

53591. The department shall do all of the following:

(a) On or before January 1, 2019, establish the Housing for a Healthy California Program to create supportive housing opportunities through either or both of the following:

(1) Grants to counties for capital, rental assistance, and operating subsidies. The department shall award grants to counties on a competitive basis pursuant to rating and ranking criteria that include, but are not limited to, points based upon all of the following:

(A) Need, which includes consideration of the number of individuals experiencing homelessness and the impact of housing costs in the county.

(B) Ability of the county to administer or partner to administer a program offering capital loans, rental assistance, or operating subsidies in supportive housing, based on the county's proposed use of program funds. Operating subsidies may include operating reserves.

(C) The county's documented partnerships with affordable and supportive housing providers in the county.

(D) Demonstrated commitment to address the needs of people experiencing homelessness through existing programs or programs planned to be implemented within 12 months.

(E) Preferences or set asides for housing populations established by the department pursuant to Section 53595.

(F) Coordination with all of the following:

(i) Community-based housing and homeless service providers.

(ii) Behavioral health providers.

(iii) Safety net providers, including community health centers.

(2) Operating reserve grants and capital loans to developers. The department may use existing guidelines in awarding grants and loans to developers.

(3) In administering the operating reserve grants and capital loans to developers pursuant to paragraph (2), the department shall do all of the following:

(A) Make program funds available at the same time funds, if any, are made available under the Multifamily Housing Program (Chapter 6.7 (commencing with Section 50675) of Part 2).

(B) Rate and rank applications in a manner consistent with the Multifamily Housing Program (Chapter 6.7 (commencing with Section 50675) of Part 2), except that the department may establish additional point categories for the purposes of rating and ranking applications that seek funding pursuant to this part in addition to those used in the Multifamily Housing Program.

(C) Administer funds subject to this part in a manner consistent with the Multifamily Housing Program (Chapter 6.7 (commencing with Section 50675) of Part 2) to the extent permitted by federal requirements.

(D) Only applications serving persons that meet all of the requirements of Section 53595 and any other threshold requirements established by the department, shall be eligible to receive funds pursuant to paragraph (2).

(b) Until August 31, 2022, if the department elects to fund operating grants and loans to developers in any year, or before August 31, submit federal Housing Trust Fund allocation plans to the Department of Housing and Urban Development that includes state objectives consistent with the goals of this part.

(c) Draft any necessary regulations, guidelines, and notices of funding availability for stakeholder comment.

(d) Midyear and annually, collect data from counties and developers awarded grant or loan funds.

(e) No later than October 1, 2020, contract with an independent evaluator to analyze data collected pursuant to Section 53593 to determine changes in health care costs and utilization associated with services and housing provided under the program. The department shall provide, on a regular basis as needed, collected data to the evaluator.

(f) (1) On or before January 1, 2024, report data collected to the Assembly Committee on Budget, the Senate Committee on Budget and Fiscal Review, the Assembly and Senate Committees on Health, the Assembly Committee on Housing and Community Development, and the Senate Committee on Transportation and Housing.

(2) A report to be submitted pursuant to paragraph (1) shall be submitted in compliance with Section 9795 of the Government Code.

(g) The department is encouraged to consult with the State Department of Health Care Services where appropriate to carry out the intent of this section.

(h) This section shall become operative on January 1, 2022.

SEC. 19. Section 987.005 of the Military and Veterans Code is amended to read:

987.005. (a) The departments shall establish and implement programs pursuant to the purposes of this article that focus on veterans at risk for homelessness or experiencing temporary or chronic homelessness. To the extent feasible, the departments shall establish and implement programs that, among other things, do the following:

(1) Leverage public (federal, state, and local), private, and nonprofit program and fiscal resources.

(2) Prioritize projects that combine housing and supportive services, including, but not limited to, job training, mental health and drug treatment, case management, care coordination, or physical rehabilitation.

(3) Promote public and private partnerships.

(4) Foster innovative financing opportunities.

(5) Ensure program guidelines and terms provide threshold requirements or scoring criteria, or both, to advance applicants with experience in combining permanent or transitional housing, or both, with supportive services for veterans, or for partnering with housing developers or service providers with experience offering housing or services to veterans.

(b) The departments shall ensure at least 50 percent of funds awarded for capital development under this article provide housing to veteran households with extremely low incomes, as defined in Section 50106 of the Health and Safety Code.

(1) In determining whether a potential tenant is eligible for supportive, affordable, or transitional housing targeted to extremely low income households under this provision, eligibility shall take into consideration all of a household's income sources upon initial tenancy.

(2) At least 60 percent of units funded targeting extremely low income households shall be supportive housing.

(3) This section shall not deter the departments from funding projects serving mixed-income populations.

(c) The departments may review, adopt, amend, and repeal guidelines or terms, or both, to implement this article. Any guidelines or terms adopted to implement this article 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.

(d) Nothing in this article permits the departments or the board to purchase, operate, or manage properties except in the event of a foreclosure on a borrower or grantee.

(e) (1) Notwithstanding any other law, a housing developer or service provider that provides housing or services pursuant to this article may provide housing or services to female veterans and their children in women-only facilities in limited instances in which a female veteran (A) has suffered any form of sexual abuse, trauma, or intimidation or harassment while serving in the military and is seeking treatment for that sexual abuse, trauma, or intimidation or harassment, or (B) is seeking the housing or services as a result of being a victim of sexual abuse or domestic violence.

(2) A housing developer or service provider that provides housing or services to female veterans in women-only facilities pursuant to paragraph (1) shall ensure that the housing or services shall provide supportive housing or services with a focus on, among others, treating the effects of military sexual abuse, trauma, or intimidation in a gender-specific manner.

(3) For purposes of this subdivision, "women-only facilities" means the facilities may house and provide services to female veterans only and their children, and shall not house or provide services to any adult who is not a dependent of a female veteran.

(f) This section shall remain in effect only until January 1, 2022, and as of that date is repealed.

SEC. 20. Section 987.005 is added to the Military and Veterans Code, to read:

987.005. (a) The departments shall establish and implement programs pursuant to the purposes of this article that focus on veterans at risk for homelessness or experiencing temporary or chronic homelessness. To the extent feasible, the departments shall establish and implement programs that, among other things, do the following:

(1) Leverage public (federal, state, and local), private, and nonprofit program and fiscal resources.

(2) Ensure projects combine housing and supportive services, including, but not limited to, job training, mental health and drug treatment, case management, care coordination, or physical rehabilitation.

(3) Promote public and private partnerships.

(4) Foster innovative financing opportunities.

(5) Ensure program guidelines and terms provide threshold requirements to advance applicants with experience in combining permanent or transitional housing, or both, with supportive services for veterans, or for partnering with housing developers or service providers with experience offering housing or services to veterans.

(b) The departments shall ensure at least 50 percent of funds awarded for capital development under this article provide housing to veteran households with extremely low incomes, as defined in Section 50106 of the Health and Safety Code.

(1) In determining whether a potential tenant is eligible for supportive, affordable, or transitional housing targeted to extremely low income households under this provision, eligibility shall take into consideration all of a household's income sources upon initial tenancy.

(2) At least 60 percent of units funded targeting extremely low income households shall be supportive housing.

(3) This section shall not deter the departments from funding projects serving mixed-income populations.

(c) The departments may review, adopt, amend, and repeal guidelines or terms, or both, to implement this article. Any guidelines or terms adopted to implement this article 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.

(d) Nothing in this article permits the departments or the board to purchase, operate, or manage properties except in the event of a foreclosure on a borrower or grantee.

(e) (1) Notwithstanding any other law, a housing developer or service provider that provides housing or services pursuant to this article may provide housing or services to female veterans and their children in women-only facilities in limited instances in which

a female veteran (A) has suffered any form of sexual abuse, trauma, or intimidation or harassment while serving in the military and is seeking treatment for that sexual abuse, trauma, or intimidation or harassment, or (B) is seeking the housing or services as a result of being a victim of sexual abuse or domestic violence.

(2) A housing developer or service provider that provides housing or services to female veterans in women-only facilities pursuant to paragraph (1) shall ensure that the housing or services shall provide supportive housing or services with a focus on, among others, treating the effects of military sexual abuse, trauma, or intimidation in a gender-specific manner.

(3) For purposes of this subdivision, "women-only facilities" means the facilities may house and provide services to female veterans only and their children, and shall not house or provide services to any adult who is not a dependent of a female veteran.

(f) In administering the programs established under this article, the departments shall do all of the following:

(1) Make program funds available at the same time funds, if any, are made available under the Multifamily Housing Program (Chapter 6.7 (commencing with Section 50675) of Part 2 of Division 31 of the Health and Safety Code).

(2) Rate and rank applications in a manner consistent with the Multifamily Housing Program (Chapter 6.7 (commencing with Section 50675) of Part 2 of Division 31 of the Health and Safety Code), except that the department may establish additional point categories for the purposes of rating and ranking applications that seek funding pursuant to this article in addition to those used in the Multifamily Housing Program.

(3) Administer funds subject to this article in a manner consistent with the Multifamily Housing Program (Chapter 6.7 (commencing with Section 50675) of Part 2 of Division 31 of the Health and Safety Code).

(4) Only applications serving veterans and meeting any additional threshold requirements established by the departments, shall be eligible to receive funds pursuant to this article.

(g) This section shall become operative on January 1, 2022.

SEC. 21. Section 987.010 of the Military and Veterans Code is amended to read:

987.010. (a) For any loans issued pursuant to this article, principal and accumulated interest is due and payable upon completion of the term of the loan. The loan shall bear simple interest at the rate of 3 percent per annum on the unpaid principal balance. The department shall require annual loan payments in the minimum amount necessary to cover the costs of project monitoring. For the first 30 years of the loan term, the amount of the required loan payments shall not exceed 0.42 percent per annum.

(b) All moneys received by the department in repayment of loans made pursuant to this article, including interest and payments in advance in lieu of future interest, shall be deposited in the Housing Rehabilitation Loan Fund established by Section 50661 of the Health and Safety Code, and notwithstanding Section 13340 of the Government Code, are continuously appropriated to the department for the purposes of the Multifamily Housing Program (Chapter 6.7 (commencing with Section 50675) of Part 2 of Division 31 of the Health and Safety Code), except as otherwise provided in this section.

(c) The department may designate an amount not to exceed 1.5 percent of funds appropriated for use pursuant to subdivision (b) for the purposes of curing or averting a default on the terms of any loan or other obligation by the recipient of financial assistance, or bidding at any foreclosure sale where the default or foreclosure sale would jeopardize the department's security in the rental housing development assisted pursuant to this article. The funds so designated shall be known as the "default reserve."

(d) The department may use default reserve funds made available pursuant to this section to repair or maintain any rental housing development assisted pursuant to this article that was acquired to protect the department's security interest.

(e) The payment or advance of funds by the department pursuant to this section shall be exclusively within the department's discretion, and no person shall be deemed to have any entitlement to the payment or advance of those funds. The amount of any funds expended by the department for the purposes of curing or averting a default shall be added to the loan amount secured by the rental housing development and shall be payable to the department upon demand.

(f) All moneys set aside for the default reserve by the department pursuant to this section shall be deposited in the Housing for Veterans Fund established by Section 998.544, and, notwithstanding Section 13340 of the Government Code, are continuously appropriated to the department for the purposes of the default reserve set forth above in this section.

(g) For the purposes of this section, "department" means the Department of Housing and Community Development.

(h) This section shall remain in effect only until January 1, 2022, and as of that date is repealed.

SEC. 22. Section 987.010 is added to the Military and Veterans Code, to read:

987.010. (a) For any loans issued pursuant to this article, loan terms shall be consistent with Section 50675.6 of the Health and Safety Code.

(b) All moneys received by the department in repayment of loans made pursuant to this article, including interest and payments in advance in lieu of future interest, shall be deposited in the Housing Rehabilitation Loan Fund established by Section 50661 of the Health and Safety Code, and notwithstanding Section 13340 of the Government Code, are continuously appropriated to the department for the purposes of the Multifamily Housing Program (Chapter 6.7 (commencing with Section 50675) of Part 2 of Division 31 of the Health and Safety Code), except as otherwise provided in this section.

(c) The department may designate an amount not to exceed 1.5 percent of funds appropriated for use pursuant to subdivision (b) for the purposes of curing or averting a default on the terms of any loan or other obligation by the recipient of financial assistance, or bidding at any foreclosure sale where the default or foreclosure sale would jeopardize the department's security in the rental housing development assisted pursuant to this article. The funds so designated shall be known as the "default reserve."

(d) The department may use default reserve funds made available pursuant to this section to repair or maintain any rental housing development assisted pursuant to this article that was acquired to protect the department's security interest.

(e) The payment or advance of funds by the department pursuant to this section shall be exclusively within the department's discretion, and no person shall be deemed to have any entitlement to the payment or advance of those funds. The amount of any funds expended by the department for the purposes of curing or averting a default shall be added to the loan amount secured by the rental housing development and shall be payable to the department upon demand.

(f) All moneys set aside for the default reserve by the department pursuant to this section shall be deposited in the Housing for Veterans Fund established by Section 998.544, and, notwithstanding Section 13340 of the Government Code, are continuously appropriated to the department for the purposes of the default reserve set forth above in this section.

(g) For the purposes of this section, "department" means the Department of Housing and Community Development.

(h) This section shall become operative on January 1, 2022.