



Home	Bill Information	California Law	Publications	Other Resources	My Subscriptions	My Favorites
------	------------------	----------------	--------------	-----------------	------------------	--------------

AB-1010 Housing programs: eligible entities. (2019-2020)

SHARE THIS:  

Date Published: 10/10/2019 09:00 PM

Assembly Bill No. 1010

CHAPTER 660

An act to amend Sections 50077, 50079, 50091, 50406, 50470.5, 50513, 50517.5, 50530.5, 50669, 50843, 53545.12, and 53545.13 of, and to add Section 50650.8 to, the Health and Safety Code, relating to housing, and making an appropriation therefor.

[Approved by Governor October 09, 2019. Filed with Secretary of State October 09, 2019.]

LEGISLATIVE COUNSEL'S DIGEST

AB 1010, Eduardo Garcia. Housing programs: eligible entities.

(1) Existing law sets forth the general responsibilities and roles of the Business, Consumer Services and Housing Agency, the Department of Housing and Community Development, and the California Housing Finance Agency in carrying out state housing policies and programs. Existing law defines various terms for these purposes, including, but not limited to, the terms "local agency," "local public entity," and "nonprofit housing sponsor."

This bill would expand those definitions, as applicable, to include a duly constituted governing body of an Indian reservation or rancheria, or a tribally designated housing entity, as specified.

(2) Existing law, the Building Homes and Jobs Act, establishes the Building Homes and Jobs Trust Fund in the State Treasury and, upon appropriation by the Legislature, allocates a specified percentage of the moneys in that fund that are collected on and after January 1, 2019, to local governments, as defined. Existing law provides that the moneys in the fund allocated to local governments may be expended for, among other things, the predevelopment, development, acquisition, rehabilitation, and preservation of multifamily, residential live-work, rental housing, as specified.

This bill would expand the definition of "local government," under these provisions, to include the duly constituted governing body of an Indian reservation or rancheria.

(3) Existing law authorizes the Department of Housing and Community Development to provide comprehensive technical assistance to tribal housing authorities, housing sponsors, and governmental agencies on reservations, rancherias, and on public domain to facilitate the planning and orderly development of suitable, decent, safe, and sanitary housing for American Indians residing in these areas.

This bill would instead require the department to provide the above-described technical assistance. The bill would name this provision the G. David Singleton California Indian Assistance Program.

This bill would authorize the Department of Housing and Community Development to modify or waive various requirements of any state financing being provided to a housing development by the department in specified situations, if tribal law, tribal governance,

tribal charter, or difference in tribal entity or agency legal structure would cause a violation or not satisfy the requirements for the financing.

(4) Existing law creates the Joe Serna, Jr. Farmworker Housing Grant Program, and within it, the Joe Serna, Jr. Farmworker Housing Grant Fund, a continuously appropriated fund, to fund the activities of the grant program, which include providing grants or loans to local public entities, nonprofit corporations, limited liability companies, and limited partnerships for the construction, rehabilitation, or acquisition of farmworker housing, as specified.

This bill would define the term “local public entity” for these purposes, to include the duly constituted governing body of an Indian reservation or rancheria or a tribally designated housing entity, as specified. The bill would additionally define the term “nonprofit corporations” to include a tribally designated housing entity, as specified. By expanding the purposes for which the moneys in the Joe Serna, Jr. Farmworker Housing Grant Fund may be used, this bill would make an appropriation.

(5) Existing law establishes the Predevelopment Loan Program, under the administration of the Department of Housing and Community Development, to make predevelopment loans and land purchase loans to eligible sponsors, defined to include local governmental agencies and nonprofit corporations, for use in developing assisted housing for occupancy primarily by persons of low income. Existing law establishes the Predevelopment Loan Fund, a continuously appropriated fund, as a revolving loan fund to be used for purposes of the program.

This bill would define the term “local governmental agencies” to include the duly constituted governing body of an Indian reservation or rancheria or a tribally designated housing entity. The bill would additionally define the term “nonprofit corporations” to include a tribally designated housing entity, as specified. By expanding the purposes for which the moneys in the Predevelopment Loan Fund may be used, the bill would make an appropriation.

(6) Existing law establishes the CalHome Program, administered by the Department of Housing and Community Development, to enable low- and very low income households to become or remain homeowners. Existing law requires the department to provide funds appropriated for purposes of the program to local public agencies or nonprofit corporations as grants for programs that assist individual households or as loans that assist specified housing development projects. Existing law requires that certain moneys be deposited in the Self-Help Housing Fund, a continuously appropriated fund, for purposes of the CalHome Program. The Housing and Emergency Shelter Trust Fund Act of 2006 and the Veterans and Affordable Housing Bond Act of 2018 each make certain funds derived from the proceeds of general obligation bonds issued and sold pursuant to those acts available for purposes of the CalHome Program.

This bill would define the terms “local public agency” or “local government agencies” to include the duly constituted governing body of an Indian reservation or rancheria or a tribally designated housing entity, as specified, for purposes of the CalHome Program. The bill would also define the term “nonprofit corporations” to include a tribally designated housing entity, as specified, for purposes of the CalHome Program. By expanding the purposes for which various continuously appropriated funds may be used, the bill would make an appropriation.

(7) Existing law establishes the Housing Rehabilitation Loan Fund, which is continuously appropriated to the Department of Housing and Community Development for, among other things, making deferred payment rehabilitation loans to specified sponsors, including a local public entity certified by the department as qualified to own, manage, or rehabilitate a rental housing development, for financing all or a portion of the cost of rehabilitating existing housing to meet prescribed rehabilitation standards.

This bill would define the term “local public entity” for purposes of these provisions to include a tribally designated housing entity. By expanding the entities that may receive funds pursuant to these provisions, this bill would make an appropriation.

(8) Existing law establishes the Local Housing Trust Fund Matching Grant Program for the purpose of supporting local housing trust funds dedicated to the creation or preservation of affordable housing. The Housing and Emergency Shelter Trust Fund Act of 2002 and the Veterans and Affordable Housing Bond Act of 2018 each make certain funds derived from the proceeds of general obligation bonds issued and sold under those acts available to be used for specified grants under the program. Existing law authorizes the use of that allocation of funds for matching grants under the program available to cities and counties, or a city and county, and existing charitable nonprofit organizations that have created, funded, and operated housing trust funds prior to January 1, 2003, and to new local housing trusts created after January 1, 2003, that provide low-income housing assistance.

This bill would authorize the duly constituted governing body of an Indian reservation or rancheria to receive matching grants, as specified. The bill would specify that certain requirements do not apply to a duly constituted governing body of an Indian reservation or rancheria or a tribally designated housing entity.

(9) Existing law establishes the Infill Incentive Grant Program of 2007, which requires the Department of Housing and Community Development, upon appropriation by the Legislature of the funds in the Regional Planning, Housing, and Infill Incentive Account, created within the Housing and Emergency Shelter Trust Fund of 2006, for certain purposes, to establish and administer a competitive grant program to allocate those funds to selected capital improvements projects related to qualifying infill projects or

qualifying infill areas, as defined. Existing law defines the term “eligible applicant” for these purposes. The Housing and Emergency Shelter Trust Fund Act of 2006 and the Veterans and Affordable Housing Bond Act of 2018 each make certain funds derived from the proceeds of general obligation bonds issued and sold pursuant to those acts available for purposes of the program.

This bill would expand the definition of “eligible applicant” to mean the duly constituted governing body of an Indian reservation or rancheria that has housing jurisdiction over a qualifying infill area, or a tribally designated housing entity that is the developer of a qualifying infill project, as specified. The bill would specify that certain requirements do not apply to a duly constituted governing body of an Indian reservation or rancheria or a tribally designated housing entity, as specified.

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 50077 of the Health and Safety Code is amended to read:

50077. “Local agency” means a city, county, city and county, or duly constituted governing body of an Indian reservation or rancheria and includes any governmental agency or local public entity to which a city, county, city and county, or duly constituted governing body of an Indian reservation or rancheria may, after a public hearing, delegate functions under this division.

SEC. 2. Section 50079 of the Health and Safety Code is amended to read:

50079. “Local public entity” means any county, city, city and county, the duly constituted governing body of an Indian reservation or rancheria, tribally designated housing entity as defined in Section 4103 of Title 25 of the United States Code and Section 50104.6.5, redevelopment agency organized pursuant to Part 1 (commencing with Section 33000) of Division 24, or housing authority organized pursuant to Part 2 (commencing with Section 34200) of Division 24, and also includes any state agency, public district, or other political subdivision of the state, and any instrumentality thereof, that is authorized to engage in or assist in the development or operation of housing for persons and families of low or moderate income. “Local public entity” also includes two or more local public entities acting jointly.

SEC. 3. Section 50091 of the Health and Safety Code is amended to read:

50091. “Nonprofit housing sponsor” or “nonprofit corporation” means a nonprofit corporation incorporated pursuant to Division 2 (commencing with Section 5000) of Title 1 of the Corporations Code or a corporation or association that is, or will be qualified as, a cooperative housing corporation for purposes of subdivision (a) of Section 17265 of the Revenue and Taxation Code, a nonprofit student housing cooperative, or a limited equity housing cooperative and that is certified by the agency as qualified to own a housing development if financed or assisted by the agency. However, a limited equity housing cooperative shall not be deemed to be nonprofit for the purpose of Chapter 10 (commencing with Section 50775). A “nonprofit corporation” shall also include a tribally designated housing entity as defined in Section 4103 of Title 25 of the United States Code and Section 50104.6.5.

SEC. 4. Section 50406 of the Health and Safety Code is amended to read:

50406. For the purposes of this division, the department has all of the following powers:

- (a) To sue and be sued in its own name.
- (b) To have an official seal and to alter it at pleasure.
- (c) To make and execute contracts and all other instruments necessary or convenient for the exercise of its powers and functions.
- (d) To employ architects, planners, engineers, attorneys, accountants, experts in housing construction, management and finance, and any other advisers, consultants, and agents necessary for the performance of its functions and to fix their compensation in accordance with applicable law.
- (e) To provide advice, technical information, and consultative and technical services as provided in this division.
- (f) To establish, revise from time to time, and charge and collect fees and charges for services provided pursuant to this division.
- (g) To accept gifts, grants, or loans of funds or property, or financial or other aid, from any federal or state agency or private source and to comply with conditions thereof not contrary to law.

(h) To enter into agreements or other transactions with any governmental agency, including an agreement for administration of a housing or community development program of the governmental agency by the department, or for administration by another governmental agency of a program of the department, either in whole or in part.

(i) To enter into any agreements and perform any acts necessary to obtain subsidies for use in connection with the exercise of powers and functions of the department, and to transfer those subsidies to others as required by the agreement.

(j) To appear in its own behalf before boards, commissions, departments, or other agencies of local, state, or federal government.

(k) To establish any regional offices necessary to effectuate the department's purposes and functions.

(l) To acquire real or personal property, or any interest therein, on either a temporary or long-term basis, in its own name by gift, purchase, transfer, foreclosure, lease, option, or otherwise, including easements or other incorporeal rights in property.

(m) To provide bilingual staff in connection with services of the department and make available departmental publications in a language other than English when necessary to effectively serve groups for which the services or publications are made available.

(n) To do any and all things necessary to carry out its purposes and exercise the powers expressly granted by this division.

(o) (1) To sell real property acquired by the department in a foreclosure, by deed in lieu of foreclosure, or sale under a power of sale on a deed of trust, lien, or by exercise of any other security interest on real property securing repayment of a loan or performance under a grant or loan made by the department. Real property so acquired shall be sold for market value and sale proceeds shall be placed in the fund from which the secured loan or grant was made.

(2) The department may establish terms, conditions, and restrictions for the sale of real property, including a requirement that the real property be used for housing for persons and families of low or moderate income, and those terms, conditions, and restrictions shall be set forth in the deed or other instrument of conveyance.

(3) The department may conduct the sale, utilize the assistance of any local public agency authorized to conduct sales of real property, contract with a licensed real estate broker to conduct the sale, or utilize other reasonable marketing methods if the department determines that one of these options will result in a more prompt or cost-efficient sale.

(4) If the director offers to sell residential real property directly pursuant to this subdivision, the department shall close escrow within 120 days after both of the following have occurred: a qualified buyer has received approval of the department; and the buyer has obtained adequate financing for the purchase. If the deadline set forth in this paragraph is not met, the director shall employ a licensed real estate broker in connection with the proposed sale. The department may exceed the time requirements of this paragraph if the director finds that this is necessary due to factors outside the control of the department, including death of the buyer, inability of the borrower to qualify for financing from a lender, substantial damage to the property resulting from a natural disaster or other act of God, or extraordinary procedural requirements or conditions imposed by the lender or title and escrow company.

(5) The director shall perform all of the actions specified in subparagraphs (A), (B), and (C) within 30 days after both of the following have occurred: a qualified buyer has received approval of the department; and the buyer has obtained adequate financing for the purchase.

(A) Identify repair work needed to be performed on the property.

(B) Cause an appraisal of the property to be completed.

(C) Determine whether it is appropriate to rent the property until it is sold.

(6) Sales of real property made pursuant to this section are not subject to the requirements of Sections 11011 and 11011.1 of the Government Code.

(7) Failure to comply with this subdivision shall not invalidate any right, title, or interest acquired by a bona fide purchaser or encumbrancer for value.

(p) (1) Where the provisions of tribal law, tribal governance, tribal charter, or difference in tribal entity or agency legal structure would cause a violation or not satisfy the requirements of any state financing being provided to a housing development by the department, the requirements of financing provided by the department may be modified as necessary to ensure program compatibility. Where provisions of tribal law, tribal governance, tribal charter, or difference in tribal entity legal structure or agency create minor inconsistencies, as determined by the director of the department, the department may waive the requirements of the financing provided by the department, as deemed necessary, to avoid an unnecessary administrative burden.

(2) Matters that may be waived or modified pursuant to paragraph (1) include, but are not limited to, all of the following:

(A) Instrument recordation requirements.

(B) Security requirements for state financing provided pursuant to department programs.

(C) Title insurance requirements.

(D) Target population percentage requirements, not to exceed a change of more than 5 percent of any amount expressly set forth in statute.

(E) Affordability levels and unit mix requirements, not to exceed a change of more than 5 percent of any amount expressly set forth in statute.

(F) Any matter not expressly or objectively set forth in statute, but is set forth with specificity in guidelines or regulations promulgated by the department.

(3) Any standard requirements or general rules of application that the department develops or implements to carry out modifications or waivers set forth in this subdivision shall not be subject to the requirements of Chapter 3.5 (commencing with Section 11340) of Part 1 of Divisions 3 of Title 2 of the Government Code.

SEC. 5. Section 50470.5 of the Health and Safety Code is amended to read:

50470.5. For purposes of this chapter:

(a) "Department" means the Department of Housing and Community Development.

(b) "Local government" means any city, county, city and county, or the duly constituted governing body of an Indian reservation or rancheria.

SEC. 6. Section 50513 of the Health and Safety Code is amended to read:

50513. (a) The department shall provide comprehensive technical assistance to tribal housing authorities, housing sponsors, and governmental agencies on reservations, rancherias, and on public domain to facilitate the planning and orderly development of suitable, decent, safe, and sanitary housing for American Indians residing in those areas. This assistance may include technical assistance in land use planning, natural and environmental resource planning, and economic resource planning. Upon request of the governing body of a reservation or rancheria, the department may act on behalf of the tribal housing authority and perform the functions thereof and for those purposes shall have all the powers granted to housing authorities by Part 2 (commencing with Section 34200) of Division 13.

(b) This section shall be known, and may be cited, as the G. David Singleton California Indian Assistance Program.

SEC. 7. 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.

SEC. 8. Section 50530.5 of the Health and Safety Code is amended to read:

50530.5. As used in this chapter:

(a) "Housing" includes, but is not limited to, manufactured housing.

(b) "Predevelopment loan" means a loan for required expenses, other than administrative and construction, that are incurred by eligible sponsors in the process of, and prior to, securing long-term financing for construction, conversion, preservation, or rehabilitation of assisted housing, and that are recoverable once long-term financing is obtained. The purposes for which predevelopment loans may be made include, but are not limited to, the costs of, or the costs associated with, land purchase or options to buy land; options or deposits to buy or preserve existing government-assisted rental housing for the purpose of preserving the affordability of the units; professional services such as architectural, engineering, or legal services; permit or application fees; and bonding, site preparation, related water or sewer development, or material expenses. In addition, the loans may be made for the purpose of extending the time for exercising an option or extending the time period for repayment of an advance previously obtained. These loan funds may be deposited in banks as compensating balances to establish lines of credit for participating nonprofit corporations.

(c) "Fund" means the Predevelopment Loan Fund, which is replenished continuously by repayments of principal on loans made from the fund.

(d) "Land purchase loan" means a loan for the costs incurred by an eligible sponsor in obtaining an option on, or purchasing suitable land for, the future development of assisted housing, including, but not limited to, costs associated with transfer of title, appraisals, payment of property taxes, surveys, and necessary maintenance of the land.

(e) "Eligible sponsors" means local governmental agencies, nonprofit corporations, including cooperative housing corporations, limited liability companies where all of the members are nonprofit public benefit corporations, and limited partnerships, as defined in subdivision (f).

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

(g) "Local governmental agencies" 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.

(h) "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.

SEC. 9. Section 50650.8 is added to the Health and Safety Code, to read:

50650.8. (a) For purposes of this chapter, the term “local public agencies” or “local government agencies” 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.

(b) For purposes of this chapter, the term “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.

SEC. 10. Section 50669 of the Health and Safety Code is amended to read:

50669. As used in Section 50670:

(a) “Deferred-payment loan” means a loan for acquisition and rehabilitation of a rental housing development that (1) has a term of not more than 30 years, but that shall not in any event exceed the useful life of the rental housing development for which the loan is made, as determined by the department, whichever is less, and (2) is repaid in a single payment upon refinancing of the development at the end of the term of the loan. Those loans shall bear interest at the rate of 3 percent per annum on the unpaid principal balance, provided, however, that the department shall reduce or eliminate interest payments on a loan for any year or, alternatively, defer interest payments until the deferred-payment loan is repaid, if necessary to provide affordable rents to households of very low and low income. The ability to pay all or part of the 3-percent simple annual interest shall not be considered in determining the fiscal integrity of the rental housing development at the time of the rating and ranking of an application.

(b) “Rental housing development” means a residential structure or structures containing five or more rental dwelling units for the elderly or handicapped, provided that each unit is equipped with a kitchen and bathroom, or a structure or structures intended for use as a group home by five or more handicapped individuals or a residential hotel for any low or very low income household. “Residential hotel” shall have the same meaning as used in paragraph (1) of subdivision (b) of Section 50519 but, for purposes of this subdivision, there shall be an additional requirement that a majority of the guestrooms in the hotel be residential hotel units. A “residential hotel unit” means a room used or intended to be used as a primary residential unit by a person or persons, that is subject to Chapter 2 (commencing with Section 1940) of Title 5 of Part 4 of Division 3 of the Civil Code, but that does not have either a self-containing kitchen or bathroom, or both. A “residential hotel unit” also includes an efficiency unit as defined in Section 17958.1. “Rental housing development” also means a residential structure or structures in operation or previously operated as a motel and subject to subdivision (b) of Section 1940 of the Civil Code, which will contain five or more dwelling units for any low or very low income households. Eligible rehabilitation costs relative to motels may include costs associated with adding self-containing kitchens and bathrooms in each unit.

(c) “Sponsor” means any individual, joint venture, partnership, limited partnership, trust, corporation, cooperative, local public entity, duly constituted governing body of an Indian reservation or rancheria, or other legal entity, or any combination thereof, certified by the department as qualified to own, manage, and rehabilitate a rental housing development. A sponsor may be organized for profit or limited profit or be nonprofit.

(d) “Local public entity” includes, but is not limited to, a tribally designated housing entity as specified in Sections 50079 and 50104.6.5.

SEC. 11. Section 50843 of the Health and Safety Code is amended to read:

50843. (a) This section applies only to grants awarded pursuant to this chapter from funds made available pursuant to Part 11 (commencing with Section 53500).

(b) The department may make matching grants available to cities and counties, a city and county, or the duly constituted governing body of an Indian reservation or rancheria that have created, funded, and operated housing trust funds prior to January 1, 2003, and to existing charitable nonprofit organizations described in Section 501(c)(3) of the Internal Revenue Code that have created, funded, and operated housing trust funds prior to January 1, 2003. These funds shall be awarded through the issuance of a Notice of Funding Availability (NOFA). The department may establish competitive criteria consistent with the funding priorities used in the Multifamily Housing Program (Chapter 6.7 (commencing with Section 50675)) to be used in the event that applications exceed the funds available. Applicants that provide matching funds from a source or sources other than impact fees on residential development shall receive a priority for funding.

(c) The department may make matching grants available to new local housing trusts created by cities and counties, a city and county, or the duly constituted governing body of an Indian reservation or rancheria and to fund new housing trusts created by charitable nonprofit organizations described in Section 501(c)(3) of the Internal Revenue Code that provide low-income housing assistance. As used in this section, “new housing trust” means a housing trust that was not in existence prior to January 1, 2003. The department may consider grant applications, submitted pursuant to this subdivision, and determine their eligibility for funding, in the order in which they are received.

(d) Housing trusts eligible for funding under this section shall have the following characteristics:

- (1) They utilize a public or joint public and private fund established by legislation, ordinance, resolution, or a public-private partnership to receive specific revenue to address local housing needs.
- (2) They receive ongoing revenues from dedicated sources of funding such as taxes, fees, loan repayments, or private contributions.

(e) The minimum allocation to an applicant shall be one million dollars (\$1,000,000), and no applicant may receive an allocation in excess of two million dollars (\$2,000,000). All funds provided pursuant to this section shall be matched on a dollar-for-dollar basis. No application shall be considered unless the department has received adequate documentation of the deposit in the local housing trust fund of the local match and the identity of the source of matching funds. Applicants shall be required to continue funding the local housing trust fund from these identified local sources, and continue the trust in operation, for a period of no less than five years from the date of award. If the funding is not continued for a five-year period, then (1) the amount of the department's grant to the local housing trust fund, to the extent that the trust fund has unencumbered funds available, shall be immediately repaid, and (2) any payments from any projects funded by the local housing trust fund that would have been paid to the local housing trust fund shall be paid instead to the department and used to fund projects under the Multifamily Housing Program, or its successor. The total amount paid to the department pursuant to (1) and (2), combined, shall not exceed the amount of the department's grant.

(f) Funds shall be used to provide loans for the construction of rental housing projects, or for construction of units within rental housing projects, affordable to, and restricted for, very low income persons and families earning less than 60 percent of the area median income. All assisted units shall be restricted for not less than 55 years. Loan repayments shall accrue to the grantee housing trust, or to the department if the trust is no longer in existence.

(g) (1) In order for a city, county, or city and county to be eligible for funding, the applicant shall have, at the time of application, an adopted housing element that the department has determined, pursuant to Section 65585 of the Government Code, is 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. In order for a nonprofit organization applicant to be eligible for funding, the applicant shall agree to utilize funds provided under this chapter only for projects located in cities, counties, or a city and county that have, at the time of application, an adopted housing element that the department has determined, pursuant to Section 65585 of the Government Code, 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. For the purposes of this section, eligible local housing trust funds may not include any ongoing restricted fund that is required to be established pursuant to federal or state law.

- (2) The requirements of this subdivision 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.

(h) Recipients shall have held, or shall agree to hold, a public hearing or hearings to discuss and describe the project or projects that will be financed with funds provided pursuant to this section. As a condition of receiving a grant pursuant to this section, any nonprofit organization shall agree that it will hold one public meeting a year to discuss the criteria that will be used to select projects to be funded. That meeting shall be open to the public, and public notice of this meeting shall be provided, except to the extent that any similar meeting of a city or county would be permitted to be held in closed session.

(i) No more than 5 percent of the funds appropriated to the department pursuant to subparagraph (C) of paragraph (1) of subdivision (a) of Section 53533 shall be used to pay the costs of administration of this section.

(j) A local housing trust fund shall encumber funds provided pursuant to this section no later than 54 months after receipt. Any funds not encumbered within that period shall revert to the department for use in the Multifamily Housing Program.

(k) Recipients shall be required to file periodic reports with the department regarding the use of funds provided pursuant to this section. No later than December 31, 2005, the department shall provide a report to the Legislature regarding the number of trust funds created, a description of the projects supported, the number of units assisted, and the amount of matching funds.

(l) This program shall be operated under guidelines adopted by the department and shall not be subject to the requirements of Chapter 3.5 (commencing with Section 11340) of Part 1 of Division 3 of Title 2 of the Government Code.

SEC. 12. Section 53545.12 of the Health and Safety Code is amended to read:

53545.12. For the purposes of the grant program established in Section 53545.13, 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 qualified infill project or qualified infill area. Capital improvement projects that may be funded under the grant program established by this act include, but are not limited to, those related to all of the following:

(1) The creation, development, or rehabilitation of parks or open space.

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

(3) Streets and roads, parking structures, or transit linkages and facilities, including, but not limited to, related access plazas or pathways, or bus and transit shelters.

(4) Facilities that support pedestrian or bicycle transit.

(5) Traffic mitigation.

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

(7) 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) "Department" means the Department of Housing and Community Development.

(c) "Eligible applicant" means any of, or any combination of, the following:

(1) A nonprofit or for-profit developer of a qualifying infill project.

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

(3) (A) A city, county, city and county, public housing authority, or redevelopment agency that has jurisdiction over a qualifying infill area and applies for funding jointly with an "owners' association," as defined in Section 36614.5 of the Streets and Highways Code, for a business or property improvement district that includes the qualifying infill area.

(B) Prior to receiving funding, but after being awarded a grant, the joint applicants described in subparagraph (A) shall submit to the department documentation from the local permitting authority demonstrating that the actual number of permitted housing units associated with the qualifying project is equal to or greater than the number of housing units in the grant application.

(4) The duly constituted governing body of an Indian reservation or rancheria that has jurisdiction over a qualifying infill area or a tribally designated housing entity as defined in Section 4103 of Title 25 of the United States Code and Section 50104.6.5 that is the developer of a qualifying infill project.

(d) "Qualifying infill area" means a contiguous area located within an urbanized area (1) that has been previously developed, or where at least 75 percent of the perimeter of the area adjoins parcels that are developed with urban uses, and (2) in which at least one development application has been approved or is pending approval for a residential or mixed-use residential project that meets the definition and criteria in this section for a qualified infill project.

(e) (1) "Qualifying infill project" means a residential or mixed-use residential project located within an urbanized area on a site that has been previously developed, or on a vacant site where at least 75 percent of the perimeter of the site adjoins parcels that are developed with urban uses.

(2) A property is adjoining the side of a project site if the property is separated from the project site only by an improved public right-of-way.

(f) "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 systems.

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

SEC. 13. 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.