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**AB-816 Homelessness: Housing Trust Fund: housing projects.** (2021-2022)

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**Assembly Bill No. 816**

**CHAPTER 396**

An act to amend Section 50676 of the Health and Safety Code, relating to homelessness.

[ Approved by Governor September 29, 2021. Filed with Secretary of State September 29, 2021. ]

**LEGISLATIVE COUNSEL'S DIGEST**

AB 816, Chiu. Homelessness: Housing Trust Fund: housing projects.

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

Existing state law designates the Department of Housing and Community Development as the state agency responsible for administering funds received by the state from the federal Housing Trust Fund. The department is required to administer the funds through existing or newly created programs that produce, preserve, rehabilitate, or support the operation of rental housing for extremely low income and very low income households, except that up to 10% of funding may be used to support home ownership for extremely low income and very low income households.

Existing law requires the department to collaborate with the California Housing Finance Agency to develop an allocation plan to demonstrate how the funds will be distributed, based on the priority housing needs identified in the state's consolidated plan, and to convene a stakeholder process to inform the development of the plan. Existing law requires the allocation plan and program guidelines to prioritize projects based on enumerated factors such as the extent to which project rents are affordable. The department is required to submit this plan to the Assembly Committee on Housing and Community Development and the Senate Transportation and Housing Committees 30 days after receipt of the federal funds.

This bill would require the department to prioritize funding for projects that serve people experiencing homelessness, to the extent that a sufficient number of projects exist. The bill would authorize the department to alter priority for funding to align eligibility for possible benefits, including Medi-Cal benefits that are intended to assist people experiencing homelessness.

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

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

**SECTION 1.** Section 50676 of the Health and Safety Code is amended to read:

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

implementing federal regulations. The department may use up to 10 percent of the federal Housing Trust Fund annual grant award for expenses of administering these funds.

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

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

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

- (1) Geographic diversity.
- (2) The extent to which rents are affordable, especially to extremely low income households.
- (3) The merits of a project.
- (4) Applicants readiness.
- (5) The extent to which projects will use nonfederal funds.

(e) The department shall award funds to projects serving people experiencing homelessness, to the extent that a sufficient number of projects exist. The department may alter priority for funding to align eligibility for possible benefits, including Medi-Cal benefits intended to fund services for people experiencing homelessness.