



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

SB-948 Housing finance programs: development reserves. (2021-2022)

SHARE THIS:  

Date Published: 09/29/2022 02:00 PM

Senate Bill No. 948

CHAPTER 667

An act to add Section 50468 to the Health and Safety Code, relating to housing, and making an appropriation therefor.

[Approved by Governor September 28, 2022. Filed with Secretary of State September 28, 2022.]

LEGISLATIVE COUNSEL'S DIGEST

SB 948, Becker. Housing finance programs: development reserves.

Existing law establishes various programs and funding sources administered by the Department of Housing and Community Development to enable the development of affordable housing, including the Building Homes and Jobs Act, the Multifamily Housing Program, the Housing for a Healthy California Program, and the Veterans Housing and Homeless Prevention Act of 2014. Under existing law governing the State Community Development Block Grant Program, the department is required to distribute funds made available under the program in order to provide decent housing, a suitable living environment, and expand economic opportunities, consistent with federal requirements. Existing federal law also establishes the HOME Investment Partnership Program to, among other things, expand the supply of affordable housing. Existing law designates the department as the state agency responsible for administering the HOME Investment Partnership Act.

This bill would prohibit the department from requiring a project-specific transition reserve, as defined, for any unit subject to a qualified project rental or operating subsidy. This bill would create the Pooled Transition Reserve Fund and would continuously appropriate moneys in that fund to the department for the purpose of establishing and maintaining a pooled transition reserve, as defined. This bill would prescribe the sources from which the fund may receive moneys, and would make a transfer of \$5,000,000 to the Pooled Transition Reserve Fund from the Housing Rehabilitation Loan Fund. By establishing, and transferring moneys to, a continuously appropriated fund, the bill would make an appropriation. This bill would authorize the department to charge a fee to a development that receives qualified project rental or operating subsidies at the time of permanent loan closing, not to exceed the department's reasonable costs to capitalize the reserve fund and cover administrative costs, to be deposited in the fund. This bill would authorize the department to adopt guidelines to implement these provisions and would exempt the adoption, amendment, or repeal of those guidelines from the rulemaking provisions of the Administrative Procedure Act. This bill would provide that these provisions apply to units financed by any department-administered program, for which permanent loan closing has not occurred prior to January 1, 2023, as specified.

Existing law, the No Place Like Home Program, as ratified and amended by Proposition 2, which was approved by the voters at the November 6, 2018, statewide general election, provides funding to provide permanent supportive housing for a specified target population, which is defined to include individuals who have a serious mental disorder and who are homeless, chronically homeless, or at risk of chronic homelessness. Existing law authorizes the Legislature to amend Proposition 2 by a $\frac{2}{3}$ vote, so long as the amendment is consistent with and furthers the intent of that measure.

The bill would state the findings of the Legislature that these provisions are consistent with, and further the intent of, the No Place Like Home Act.

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

SECTION 1. Section 50468 is added to the Health and Safety Code, to read:

50468. (a) The department shall not require a project-specific transition reserve for any unit subject to a qualified project rental or operating subsidy.

(b) The Pooled Transition Reserve Fund is hereby created within the State Treasury and, notwithstanding Section 13340 of the Government Code, is continuously appropriated to the department for the purpose of establishing and maintaining a pooled transition reserve. The fund shall consist of all of the following:

(1) Fees charged by the department to projects that receive qualified project rental or operating subsidies at the time of permanent loan closing.

(2) Upon appropriation by the Legislature, moneys from the General Fund or other funds.

(3) Moneys from any other source, including from any private donation or grant made for the purposes of this part.

(c) The department may charge a fee to each project that receives qualified project rental or operating subsidies at the time of permanent loan closing, not to exceed the reasonable costs of the department to capitalize the reserve fund and cover administrative costs. All fees shall be deposited in the Pooled Transition Reserve Fund and used for the purposes of this section. The department may capitalize the fees authorized by this subdivision as necessary to ensure the financial feasibility and long-term affordability of the multifamily housing project, in which case funds may be transferred to the Pooled Transition Reserve Fund at the time of permanent loan closing.

(d) (1) "Project-specific transition reserve" means a reserve account or a set aside of funds accruing to the benefit of a particular affordable rental housing development to address the impacts on tenants of a loss or exhaustion of a rental or operating subsidy.

(2) "Pooled transition reserve" means a fund or account established and maintained by the department to mitigate, with respect to residential dwelling units described in subdivision (e), the impacts on tenant rents from the loss or exhaustion of a qualified project rental or an operating subsidy.

(3) "Qualified project rental or operating subsidy" means federally originated rental assistance or operating subsidies, the local rental housing subsidy programs operated by the City and County of San Francisco and the City of Los Angeles, or other means of rental assistance or operating assistance identified by the department.

(e) This section shall apply to units of a multifamily housing project financed by any program administered by the department, for which permanent loan closing has not occurred prior to January 1, 2023, including, but not limited to, all of the following:

(1) The competitive component of the Building Homes and Jobs Act (Chapter 2.5 (commencing with Section 50470)).

(2) The Joe Serna, Jr. Farmworker Housing Grant Program (Chapter 3.2 (commencing with Section 50515.2)).

(3) The Multifamily Housing Program (Chapter 6.7 (commencing with Section 50675)).

(4) The Transit-Oriented Development Implementation Program (Part 13 (commencing with Section 53560)).

(5) Housing for a Healthy California Program (Part 14.2 (commencing with Section 53590)).

(6) The Veterans Housing and Homeless Prevention Act of 2014 (Article 3.2 (commencing with Section 987.001) of Chapter 6 of Division 4 of the Military and Veterans Code).

(7) The Affordable Housing and Sustainable Communities Program (Part 1 (commencing with Section 75200) of Division 44 of the Public Resources Code).

(8) The No Place Like Home Program (Part 3.9 (commencing with Section 5849.1) of Division 5 of the Welfare and Institutions Code).

(9) The federal Community Development Block Grant Program (42 U.S.C. Sec. 5301 et seq.).

(10) The federal HOME Investment Partnership Program (42 U.S.C. Sec. 12721 et seq.).

(11) The National Housing Trust Fund established pursuant to the federal Housing and Economic Recovery Act of 2008 (Public Law 110-289), and implementing federal regulations.

(f) The department may review, adopt, amend, and repeal guidelines to implement uniform standards or criteria that supplement or clarify the terms, references, or standards set forth in this section, including adopting fees as set forth in subdivision (c). The guidelines may address participation in the pooled transition reserve by projects with existing project-based transition reserves, including disposition of the existing project-based transition reserve funds. The adoption, amendment, or repeal of any guidelines or terms pursuant to this subdivision is hereby exempted from the rulemaking provisions of the Administrative Procedure Act (Chapter 3.5 (commencing with Section 11340) of Part 1 of Division 3 of Title 2 of the Government Code).

SEC. 2. The Legislature finds and declares that the amendments to the No Place Like Home Program (Part 3.9 (commencing with Section 5849.1) of Division 5 of the Welfare and Institutions Code) made by this act are consistent with and further the intent of Proposition 2, as approved by the voters at the November 6, 2018, statewide general election, within the meaning of Section 7 of Proposition 2.

SEC. 3. The sum of five million dollars (\$5,000,000) is hereby transferred from the Housing Rehabilitation Loan Fund to the Pooled Transition Reserve Fund for the purpose of initial capitalization of the pooled transition reserve established by Section 50468 of the Health and Safety Code.