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An act to amend Sections 50650, 50650.3, and 50650.4 of the Health and Safety Code, relating to housing, and making an appropriation therefor, to take effect immediately, bill related to the budget.



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

SECTION 1. Section 50650 of the Health and Safety Code is amended to read: 50650. The Legislature finds and declares as follows:

(a) An adequate supply of safe and affordable housing is the foundation for strong and sustainable communities. Owner occupied housing is a key housing resource, contributing to neighborhood stability as well as economic vitality.

(b) In California, homeownership is beyond the reach of a large segment of the population. There are also many homeowners who lack the resources to make necessary repairs to their homes, or who would welcome the opportunity to share them with suitable tenants.

(c) Reflecting California's diversity, there is a variety of proven approaches to the promotion of homeownership within the state. The purpose of the CalHome Program established by this chapter is to support existing homeownership programs aimed at lower and very low income ~~households~~ households, and in the case of a disaster, as defined in Section 8680.3 of the Government Code, households at or below moderate income, and operated by private nonprofit and local government agencies, and thereby to increase homeownership, encourage neighborhood revitalization and sustainable development, and maximize use of existing homes.

(d) The CalHome Program is intended to take the place of the Senior Citizens' Shared Housing Program established by Chapter 3.6 (commencing with Section 50533), which is repealed by the act enacting this chapter.

SEC. 2. Section 50650.3 of the Health and Safety Code is amended to read:

50650.3. (a) Funds appropriated for purposes of this chapter shall be used to enable low- and very low income households to become or remain ~~homeowners~~ homeowners as provided in paragraphs (1) and (2), and to provide disaster relief assistance to households at or below 120 percent of area median income as provided in paragraph (3). Funds shall be provided by the department to local public agencies or nonprofit corporations ~~as either~~ any of the following:

- (1) Grants for programs that assist individual households.
- (2) Loans that assist development projects involving multiple home ownership units, including single-family subdivisions.
- (3) Grants for programs that assist individual households as provided in subdivision (g).

(b) (1) Grant funds may be used for first-time homebuyer downpayment assistance, home rehabilitation, including the installation or retrofit of ignition resistant exterior components on existing manufactured homes, mobilehomes, and accessory structures required pursuant to Article 2.3 (commencing with Section 4200) of Subchapter 2 of Chapter 3 of Division 1 of Title 25 of the California Code of Regulations, homebuyer counseling, home acquisition and rehabilitation, or self-help mortgage assistance programs, or for technical assistance for self-help and shared housing home ownership.

(2) Home rehabilitation funding for the purpose of installing ignition resistant components on manufactured homes, mobilehomes, or accessory structures pursuant to this subdivision shall not be conditioned upon the rehabilitation of additional or unrelated home components unless that rehabilitation is required pursuant to Article 2.3 (commencing with Section 4200) of Subchapter 2 of Chapter 3 of Division 1 of



Title 25 of the California Code of Regulations. In administering funding for this purpose, local public agencies and nonprofit corporations may consider the condition and age of the manufactured home or mobilehome, including whether the home was constructed on or after June 15, 1976, in accordance with federal standards and whether the available funds could be more effectively used to replace the manufactured home or mobilehome.

(c) (1) Except as provided in subdivision (e), loan funds may be used for purchase of real property, site development, predevelopment, and construction period expenses incurred on home ownership development projects, and permanent financing for mutual housing or cooperative developments. Upon completion of construction, the department may convert project loans into grants for programs of assistance to individual homeowners. Except as provided in paragraph (2), financial assistance provided to individual households shall be in the form of deferred payment loans, repayable upon sale or transfer of the homes, when they cease to be owner-occupied, or upon the loan maturity date. Financial assistance may be provided in the form of a secured forgivable loan to an individual household to rehabilitate, repair, or replace manufactured housing located in a mobilehome park and not permanently affixed to a foundation. The loan shall be due and payable in 20 years, with 10 percent of the original principal to be forgiven annually for each additional year beyond the 10th year that the home is owned and continuously occupied by the borrower. Not more than 10 percent of the funds available for the purposes of this chapter in a fiscal year shall be used for financial assistance in the form of secured forgivable loans.

(2) Notwithstanding any other law, the department may, in its discretion, permit the downpayment assistance loan to be subordinated to refinancing if it determines that the borrower has demonstrated hardship, subordination is required to avoid foreclosure, and the new loan meets the department's underwriting requirements. The department may permit subordination on those terms and conditions as it determines are reasonable, however subordination shall not be permitted if the borrower has sufficient equity to repay the loan.

(d) All loan repayments shall be used for activities allowed under this section, and shall be governed by a reuse plan approved by the department. Those reuse plans may provide for loan servicing by the grant recipient or a third-party local government agency or nonprofit corporation.

(e) Notwithstanding subdivision (c), loans provided pursuant to the CalHome Program Disaster Assistance for Imperial County that have been made for the purpose of rehabilitation, reconstruction, or replacement of lower income owner-occupied manufactured homes shall be due and payable in 10 years, with 20 percent of the original principal to be forgiven annually for each additional year beyond the fifth year that the manufactured home is owned and continuously occupied by the borrower.

(f) The department may use funds appropriated pursuant to this chapter to make grants to local agencies or nonprofit corporations to construct accessory dwelling units as defined in Section 65852.2 of the Government Code or junior accessory dwelling units as defined in Section 65852.22 of the Government Code, and to repair, reconstruct, or rehabilitate, in whole or in part, accessory dwelling units and junior accessory dwelling units.

(g) Notwithstanding any other provision of this chapter, the department may use funds appropriated pursuant to this chapter to make grants to local agencies or nonprofit corporations to assist households at or below 120 percent of area median income that



are victims of a disaster, if one of the following occurs with respect to the county in which the household's residence is located:

(1) The Governor has proclaimed a state of emergency, pursuant to Section 8625 of the Government Code, resulting from a disaster, as defined in Section 8680.3 of the Government Code.

(2) A special appropriation of federal emergency supplemental assistance or a presidential declaration of disaster has occurred.

(h) The department shall review, adopt, amend, and repeal guidelines to implement the making of grants pursuant to subdivisions (f) and (g). Any guidelines adopted to implement subdivisions (f) and (g) 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. In the event of inconsistency regarding the requirements of qualified applicants and eligibility of accessory dwelling units and junior accessory dwelling units, and rents associated with them between those guidelines and any regulations otherwise enacted pursuant to this chapter, those guidelines shall prevail.

SEC. 3. Section 50650.4 of the Health and Safety Code is amended to read:

50650.4. (a) To be eligible to receive a grant or loan, local public agencies or nonprofit corporations shall demonstrate sufficient organizational stability and capacity to carry out the activity for which they are requesting funds, including, where applicable, the capacity to manage a portfolio of individual loans over an extended time period. Capacity may be demonstrated by substantial successful experience performing similar activities, or through other means acceptable to the department. In administering the CalHome program, the department may permit local agencies and nonprofit corporations to apply their own underwriting guidelines when evaluating CalHome rehabilitation loan applications, following prior review and approval of those guidelines by the department. The local agency or nonprofit corporation shall not subsequently alter its underwriting guidelines with respect to the use of CalHome funds without review and approval by the department. department, including how the local agencies and nonprofit corporations will ensure participation by low-income households if making loans in response to a disaster as described in paragraph (1) of subdivision (g) of Section 50650.3. In allocating funds, the department shall utilize a competitive application process, using weighted evaluation criteria, including, but not limited to, the extent that the program or project utilizes volunteer or self-help labor, trains youth and young adults in construction skills, creates balanced communities, involves community participation, or whether the program or project contributes toward community revitalization. To the extent feasible, the application process shall ensure a reasonable geographic distribution of funds.

(b) In administering department funds received pursuant to subdivision (a), local public agencies and nonprofit corporations shall not deny the funding application of, or apply different underwriting guidelines to, a housing program or project solely on the basis of either of the following:

(1) The home is a manufactured home or mobilehome, as defined in Sections 18007 and 18008.

(2) The home is located in a mobilehome park or in a manufactured housing community, as defined in Sections 18210.7 and 18214.

SEC. 4. This act is a bill providing for appropriations related to the Budget Bill within the meaning of subdivision (e) of Section 12 of Article IV of the California



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Constitution, has been identified as related to the budget in the Budget Bill, and shall take effect immediately.

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LEGISLATIVE COUNSEL'S DIGEST

Bill No. _____
as introduced, _____.
General Subject: CalHome program.

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, under the program, to use appropriated funds to provide grant or loan funds to local public agencies or nonprofit corporations for specified purposes relating to the promotion of home ownership. Existing law requires local public agencies or nonprofit corporations to meet certain eligibility requirements, including underwriting requirements. Existing laws authorizes the department to permit an applicant to apply its own underwriting guidelines, if the department approves those guidelines, as well as any alterations to those guidelines. Existing law, the Veterans and Affordable Housing Bond Act of 2018, continuously appropriates \$300,000,000 to the Self-Help Housing Fund, a continuously appropriated fund, for purposes of the CalHome Program, as specified.

This bill would authorize the department to make grants to local agencies or nonprofit associations for the construction, repair, reconstruction, or rehabilitation of accessory dwelling units and junior accessory dwelling units. The bill would also authorize the department to use funds appropriated pursuant to the chapter to make grants to local agencies or nonprofit corporations to assist households that meet certain income requirements and are victims of a disaster, provided that the disaster was proclaimed by the Governor, as specified, received a special appropriation of federal emergency supplemental assistance, or declared by the President. The bill would authorize the department to adopt guidelines to this effect. The bill would also require the department to approve any alterations of underwriting guidelines by applicants with respect to how the applicants will ensure participation by low-income households in making loans in response to a disaster.

By expanding the uses of an a continuously appropriated fund, this bill would make an appropriation.

This bill would declare that it is to take effect immediately as a bill providing for appropriations related to the Budget Bill.

Vote: majority. Appropriation: yes. Fiscal committee: yes. State-mandated local program: no.

