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An act to amend Sections 50675.10 and 53561 of, and to add Sections 50406.8 and 53566 to, the Health and Safety Code, to add Section 987.010 to the Military and Veterans Code, and to add Section 75218 to the Public Resources 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 50406.8 is added to the Health and Safety Code, to read:  
50406.8. Notwithstanding any other law, the department may expend any funds it is authorized to set aside for curing or averting potential defaults for the purposes of curing or averting defaults on any deferred interest loan issued by the department for rental housing development.

SEC. 2. Section 50675.10 of the Health and Safety Code is amended to read:

50675.10. (a) The department may designate an amount not to exceed ~~4~~ 1.5 percent of funds appropriated for use pursuant to this chapter 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 chapter. The funds so designated shall be known as the "default reserve."

(b) 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 chapter that was acquired to protect the department's security interest.

(c) 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.

SEC. 3. Section 53561 of the Health and Safety Code is amended to read:

53561. (a) There is hereby created in the State Treasury the Transit-Oriented Development Implementation Fund.

~~(b) Interest on loans made from the fund shall be deposited in the fund.~~

~~(c)~~

~~(b)~~ All interest, dividends, and pecuniary gains from investments or deposits of moneys in the fund shall accrue to the fund, notwithstanding Section 16305.7 of the Government Code. There shall be paid into the fund ~~all~~ both of the following:

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

~~(2) Any moneys that the department receives in repayment of loans made from the fund, including any interest on loans made from the fund.~~

~~(3)~~

~~(2)~~ Any other moneys that may be made available to the department for the purposes of this part from any other source.

SEC. 4. Section 53566 is added to the Health and Safety Code, 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.

SEC. 5. Section 987.010 is added to the Military and Veterans Code, immediately following Section 987.009, 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.

SEC. 6. Section 75218 is added to the Public Resources Code, to read:

75218. (a) For any loans issued pursuant to this chapter, 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 chapter, 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 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 chapter. 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 chapter 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 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 default reserve set forth above in this section.

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

SEC. 7. 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 Constitution, has been identified as related to the budget in the Budget Bill, and shall take effect immediately.



## LEGISLATIVE COUNSEL'S DIGEST

Bill No. \_\_\_\_\_  
as introduced, \_\_\_\_\_  
General Subject: Department of Housing and Community Development: housing programs: loans.

(1) Existing law establishes the Department of Housing and Community Development in the Business, Consumer Services, and Housing Agency and vests that department with various powers and responsibilities with respect to administering various housing programs.

This bill would authorize the department to expend any funds it is authorized to set aside for curing or averting potential defaults for the purposes of curing or averting defaults on any deferred interest loan issued by the department for rental housing development.

(2) Existing law creates the Multifamily Housing Program under the department to provide a standardized set of program rules and features applicable to all housing types, based on the existing California Housing Rehabilitation Program. Among other things, the program provides financial assistance to fund projects for the development and construction of new, and rehabilitation or acquisition and rehabilitation of existing, transitional or rental housing developments. Existing law authorizes the department to designate an amount not to exceed 4% of all funds appropriated pursuant to the provisions governing the Multifamily Housing Program to be used to establish a default reserve.

This bill would, instead, authorize the department to designate an amount that does not exceed 1.5% to be used to establish a default reserve, as described above.

(3) Existing law establishes the Transit-Oriented Development Implementation Program, to be administered by the Department of Housing and Community Development, to provide local assistance to specified local agencies and developers for the purpose of developing or facilitating the development of higher density uses within close proximity to transit stations. Existing law establishes the Transit-Oriented Development Implementation Fund and requires that interest on loans made from the fund be deposited in the fund.

This bill would delete the requirement that the interest on loans made from the Transit-Oriented Development Implementation Fund be deposited in that fund.

(4) Existing law, to the extent that funds are available, provides for assistance via the Transit-Oriented Development Implementation Program in the form of grants



to local agencies and loans for the development and construction of housing developments within close proximity to transit stations, subject to certain conditions and requirements.

The Veterans Housing and Homeless Prevention Act of 2014, administered in collaboration between the California Housing Finance Agency, the Department of Housing and Community Development, and the Department of Veterans Affairs pursuant to a memorandum of understanding addressing their respective and shared responsibilities, provides for the acquisition, construction, rehabilitation, and preservation of affordable multifamily supportive housing, affordable transitional housing, affordable rental housing, or related facilities for veterans and their families.

Existing law requires the Strategic Growth Council to develop and administer the Affordable Housing and Sustainable Communities Program to reduce greenhouse gas emissions through projects that implement land use, housing, transportation, and agricultural land preservation practices to support infill and compact development, and that support related and coordinated public policy objectives. Existing law requires that program to provide funding to projects that meet certain requirements and selected by the council according to specified procedures.

This bill, with respect to each of the programs described above, would require, among other things, that the principal and accumulated interest on loans issued pursuant to these programs is due and payable upon completion of the term of the loan and require that these loans have a simple interest rate of 3%. The bill would require that moneys received in repayment of these loans be deposited in specified funds and would continuously appropriate those moneys to the Department of Housing and Community Development for purposes of the Multifamily Housing Program and for purposes of establishing default reserves, as authorized by this bill, for each of the above-described programs.

(5) By authorizing the expenditure of funds for purposes of default reserves, this bill would make an appropriation.

(6) 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.

