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An act to amend Section 50470 of the Health and Safety Code, relating to housing.



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

SECTION 1. It is the intent of the Legislature to provide a framework for geographic equity for the expenditure of the first year of revenue collections into the Building Homes and Jobs Trust Fund.

SEC. 2. Section 50470 of the Health and Safety Code is amended to read:

50470. (a) (1) There is hereby created in the State Treasury the Building Homes and Jobs Trust Fund. All interest or other increments resulting from the investment of moneys in the fund shall be deposited in the fund, notwithstanding Section 16305.7 of the Government Code.

(2) Moneys in the Building Homes and Jobs Trust Fund shall not be subject to transfer to any other fund pursuant to any provision of Part 2 (commencing with Section 16300) of Division 4 of Title 2 of the Government Code, except to the Surplus Money Investment Fund.

(b) Moneys in the Building Homes and Jobs Trust Fund shall be appropriated either through the annual Budget Act, or as provided in this subdivision, in accordance with the following:

(1) Moneys collected on and after January 1, 2018, and until December 31, 2018, shall, upon appropriation by the Legislature, be allocated as follows:

(A) Fifty percent of deposits into the fund shall be made available for local governments to update planning documents and zoning ordinances in order to streamline housing production, including, but not limited to, general plans, community plans, specific plans, sustainable communities strategies, and local coastal programs. Eligible uses also include new environmental analyses that eliminate the need for project-specific review and local process updates that improve and expedite local permitting.

(i) Five percent of the funds specified by this subparagraph shall be available for technical assistance to jurisdictions updating specified planning documents. Technical assistance shall be provided by the department and the Governor's Office of Planning and Research.

(ii) The funds to be allocated pursuant to this subparagraph shall be held by the department until a local government submits a request for use. The request shall include a description of the proposed use of the funds in the interest of accelerating housing production. The proposed use of these funds shall be included in the local government's funding plan and annual reports pursuant to subclauses (II) and (III) of clause (ii) of subparagraph (B) of paragraph (2). Any of these funds not allocated by the department within the first two years that those funds are available shall be made available by the department for the Multifamily Housing Program (Chapter 6.7 (commencing with Section 50675)).

(B) Fifty percent of deposits into the fund shall be made available to the department to assist persons experiencing or at risk of homelessness, including, but not limited to, providing rapid rehousing, rental assistance, navigation centers, and the new construction, rehabilitation, and preservation of permanent and transitional rental housing.

(i) Upon order of the director, the Controller shall allocate five million dollars (\$5,000,000) of the amount appropriated in Item 2240-101-3317 of the 2018 Budget Act to the Orange County Mercy Bridges, Kraemer Shelter.



(ii) Following the disbursement of funds made pursuant to clause (i), and as satisfaction of subparagraph (C), from the funds deposited pursuant to this subparagraph, the department shall make available within each county the greater of the amounts described in subclauses (I) to (IV), inclusive, that applies to each county, as follows:

(I) The lesser of ten million dollars (\$10,000,000) or 8 percent for expenditure within the County of Los Angeles.

(II) The lesser of five million dollars (\$5,000,000) or 4 percent for expenditure within each county that had a 2017 homeless point-in-time count pursuant to Section 578.3 of Title 24 of the Code of Federal Regulations of over 4,000 persons.

(III) The lesser of one million dollars (\$1,000,000) or 0.8 percent for expenditure within each county that has a population of 250,000 or more on January 1, 2018, as published by the Department of Finance pursuant to Section 2227 of the Revenue and Taxation Code.

(IV) The lesser of two hundred fifty thousand (\$250,000) or 0.2 percent for expenditure within each county that has a population of fewer than 250,000 on January 1, 2018, as published by the Department of Finance pursuant to Section 2227 of the Revenue and Taxation Code.

(iii) Notwithstanding clause (ii), if there is insufficient demand to allocate the funds pursuant to that clause within a given county by June 30, 2019, the department may make funds available for other uses pursuant to this subparagraph.

(C) The department shall ensure geographic equity in the distribution and expenditure of funds allocated pursuant to this paragraph.

(2) Moneys collected on and after January 1, 2019, shall be allocated as follows:

(A) Twenty percent of all moneys in the fund shall, upon appropriation by the Legislature, be expended for affordable owner-occupied workforce housing.

(B) (i) Seventy percent of moneys deposited in the fund shall, upon appropriation by the Legislature, be made available to local governments as follows:

(I) Ninety percent of the moneys specified in this subparagraph shall be allocated based on the formula specified in Section 5306 of Title 42 of the United States Code, in accordance with the distribution of funds pursuant to that formula for the federal Fiscal Year 2017, except that the portion allocated to nonentitlement areas pursuant to that section shall be distributed through a competitive grant program, administered by the department, as follows:

(ia) The department shall award priority points to a county that has a population of 200,000 or less within the unincorporated areas of the county, to a local government that did not receive an award based on the formula specified in Section 5306 of Title 42 of the United States Code in 2016, and to a local government that pledges to use the money awarded pursuant to a competitive grant under this subclause to assist persons experiencing or at risk of homelessness, including, but not limited to, providing rapid rehousing, rental assistance, navigation centers, and the new construction, rehabilitation, and preservation of permanent and transitional rental housing.

(ib) Moneys awarded to a local government pursuant to the competitive grant program shall be used for the purposes specified in subparagraph (D).

(II) The remaining 10 percent of the moneys specified in this subparagraph shall be allocated equitably among local jurisdictions that are nonentitlement areas pursuant to the formula specified in Section 5306 of Title 42 of the United States Code for federal Fiscal Year 2017.



(ii) To receive moneys pursuant to this subparagraph, local governments shall document minimum standards including the following:

(I) Submit a plan to the department detailing the manner in which allocated funds will be used by the local government in a manner consistent with this paragraph and to meet the local government's unmet share of the regional housing needs allocation.

(II) Have a compliant housing element with the state and submit a current annual report pursuant to Section 65400 of the Government Code.

(III) Submit an annual report to the department that provides ongoing tracking of the uses and expenditures of any allocated funds.

(IV) Funds may be expended for the uses listed in subparagraph (D). Two or more local governments that receive an allocation pursuant to this subparagraph may expend those moneys on a joint project that is an authorized use under subparagraph (D).

(V) Prioritize investments that increase the supply of housing to households that are at or below 60 percent of area median income, adjusted for household size.

(VI) If a local government does not have a documented plan to expend the moneys allocated to it pursuant to this subparagraph within five years of that allocation, those moneys shall be exempt from the allocation requirements in this paragraph and shall revert to, and be paid and deposited in, the Housing Rehabilitation Loan Fund established pursuant to Section 50661 to be used for the Multifamily Housing Program (Chapter 6.7 (commencing with Section 50675)) or for technical assistance for local governments.

(VII) A local government may petition the department to return any moneys allocated to it pursuant to this subparagraph. Any moneys returned pursuant to this clause shall be used for the Multifamily Housing Program (Chapter 6.7 (commencing with Section 50675)).

(C) Thirty percent of moneys deposited in the fund shall be made available to the department for use as follows:

(i) Five percent of the moneys deposited in the fund shall, upon appropriation by the Legislature, be used for state incentive programs, including loans and grants administered by the department. If the department receives insufficient funding applications for incentive programs financed pursuant to this clause, the department shall make those funds available for the Multifamily Housing Program (Chapter 6.7 (commencing with Section 50675)).

(ii) Ten percent of the moneys deposited in the fund shall, upon appropriation by the Legislature, be used to address affordable homeownership and rental housing opportunities for agricultural workers and their families.

(iii) Fifteen percent of the moneys deposited in the fund shall, notwithstanding any other provision of this section or Section 13340 of the Government Code, be continuously appropriated to the California Housing Finance Agency for the purpose of creating mixed income multifamily residential housing for lower to moderate income households pursuant to Chapter 6.7 (commencing with Section 51325) of Part 3.

(D) The moneys in the fund allocated to local governments may be expended for the following purposes:

(i) The predevelopment, development, acquisition, rehabilitation, and preservation of multifamily, residential live-work, rental housing that is affordable to extremely



low, very low, low-, and moderate-income households, including necessary operating subsidies.

(ii) Affordable rental and ownership housing that meets the needs of a growing workforce earning up to 120 percent of area median income, or 150 percent of area median income in high-cost areas.

(iii) Matching portions of funds placed into local or regional housing trust funds.

(iv) Matching portions of funds available through the Low and Moderate Income Housing Asset Fund pursuant to subdivision (d) of Section 34176 of the Health and Safety Code.

(v) Capitalized reserves for services connected to the creation of new permanent supportive housing, including, but not limited to, developments funded through the Veterans Housing and Homelessness Prevention Bond Act of 2014.

(vi) Assisting persons who are experiencing or at risk of homelessness, including providing rapid rehousing, rental assistance, navigation centers, emergency shelters, and the new construction, rehabilitation, and preservation of permanent and transitional housing.

(vii) Accessibility modifications.

(viii) Efforts to acquire and rehabilitate foreclosed or vacant homes.

(ix) Homeownership opportunities, including, but not limited to, downpayment assistance.

(x) Fiscal incentives or matching funds to local agencies that approve new housing for extremely low, very low, low-, and moderate-income households.

(3) A state or local entity that receives an appropriation or allocation pursuant to this chapter shall use no more than 5 percent of that appropriation or allocation for costs related to the administration of the housing program for which the appropriation or allocation was made.

(c) Both of the following shall be paid and deposited in the fund:

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

(2) Any other moneys that may be made available to the department for the purposes of the fund from any other source or sources.

(d) In consultation with stakeholders, the department may adopt guidelines to implement this section, including to determine allocation methodologies. Any guideline, rule, policy, or standard of general application employed by the department in implementing this chapter shall not be subject to the requirements 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).



LEGISLATIVE COUNSEL'S DIGEST

Bill No. _____
as introduced, _____
General Subject: Building Jobs and Homes Act: funds.

Existing law imposes a fee, except as provided, of \$75 to be paid at the time of the recording of every real estate instrument, paper, or notice required or permitted by law to be recorded, per each single transaction per single parcel of real property, not to exceed \$225. Existing law requires that a county recorder quarterly send revenues from this fee, after deduction of any actual and necessary administrative costs incurred by the county recorder, to the State Controller for deposit in the Building Homes and Jobs Trust Fund. Existing law requires 50% of the funds collected on and after January 1, 2018, and until December 31, 2018, to be made available to the department to assist persons experiencing or at risk of homelessness, including, but not limited to, providing rapid rehousing, rental assistance, navigation centers, and the new construction, rehabilitation, and preservation of permanent and transitional rental housing.

This bill would require the Controller, upon order of the director of the Department of Housing and Community Development, to allocate \$5,000,000 of the amount appropriated in Item 2240-101-3317 of the 2018 Budget Act to the Orange County Mercy Bridges, Kraemer Shelter. Following that allocation, the bill would require the department, from the above described funds, to make specified amounts available within each county to assist persons experiencing or at risk of homelessness, including, but not limited to, providing rapid rehousing, rental assistance, navigation centers, and the new construction, rehabilitation, and preservation of permanent and transitional rental housing, as specified.

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

