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## SENATE BILL

No. 2

### Introduced by Senator Atkins

(Coauthors: Senators Beall, Bradford, Dodd, Galgiani, Hertzberg, Hill, Hueso, Jackson, Mendoza, Mitchell, Roth, Skinner, Wieckowski, and Wiener)

(Principal coauthors: Assembly Members Bloom, Chiu, and Mullin)

(Coauthors: Assembly Members Bonta, Gloria, Gonzalez Fletcher, Kalra, Low, and Thurmond)

December 5, 2016

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An act to add Section 27388.1 to the Government Code, ~~and to amend Section 50408 of~~, and to add Chapter 2.5 (commencing with Section 50470) to Part 2 of Division 31 ~~of~~, of the Health and Safety Code, relating to housing, *making an appropriation therefor*, and declaring the urgency thereof, to take effect immediately.

### legislative counsel's digest

SB 2, as amended, Atkins. Building Homes and Jobs Act.

Under existing law, there are programs providing assistance for, among other things, emergency housing, multifamily housing, farmworker housing, home ownership for very low and low-income

households, and downpayment assistance for first-time home buyers. Existing law also authorizes the issuance of bonds in specified amounts pursuant to the State General Obligation Bond Law. Existing law requires that proceeds from the sale of these bonds be used to finance various existing housing programs, capital outlay related to infill development, brownfield cleanup that promotes infill development, and housing-related parks.

This bill would enact the Building Homes and Jobs Act. The bill would make legislative findings and declarations relating to the need for establishing permanent, ongoing sources of funding dedicated to affordable housing development. The bill would impose 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. By imposing new duties on counties with respect to the imposition of the recording fee, the bill would create a state-mandated local program. The bill would require 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 Controller for deposit in the Building Homes and Jobs Fund, which the bill would create within the State Treasury. ~~The~~

*The bill would, upon appropriation by the Legislature, ~~require~~ except as provided, require (1) for moneys collected on and after January 1, 2018, and until December 31, 2018, that 50% of the moneys deposited in the fund be made available to local governments for specified purposes, and 50% made available to the Department of Housing and Community Development to assist persons experiencing or at risk of homelessness, and (2) for moneys collected on and after January 1, 2019, that 70% of the moneys deposited in the fund be provided to local governments in accordance with a specified formula and 30% made available to the department for specified purposes, including a continuous appropriation of moneys to the California Housing Finance Agency for the purpose of creating mixed income multifamily residential housing for lower to moderate income households, as provided. The bill would also provide that funds allocated to a local government that does not have a documented plan to expend certain moneys allocated to it within 5 years would revert and be deposited in the Housing Rehabilitation Loan Fund, to be used for specified purposes. By continuously appropriating moneys for use by the California Housing Finance Agency, this bill would make an appropriation. The bill would*

~~require that 20% of the all moneys in the fund be expended for affordable owner-occupied workforce housing housing, and 10% of the moneys for housing purposes related to agricultural workers and their families, and would authorize the remainder of the that moneys in the fund to allocated to local governments be expended to support affordable housing, home ownership opportunities, and other housing-related programs, as specified. The bill would impose certain auditing and reporting requirements and would establish the Building Homes and Jobs Trust Fund Governing Board that would, among other things, review and approve recommendations made by the Department of Housing and Community Development for the distribution of moneys from the fund. requirements.~~

The California Constitution requires the state to reimburse local agencies and school districts for certain costs mandated by the state. Statutory provisions establish procedures for making that reimbursement.

This bill would provide that no reimbursement is required by this act for a specified reason.

This bill would declare that it is to take effect immediately as an urgency statute.

Vote:  $\frac{2}{3}$ . Appropriation: ~~no~~ yes. Fiscal committee: yes.  
State-mandated local program: yes.

*The people of the State of California do enact as follows:*

1 SECTION 1. This act shall be known as the Building Homes  
2 and Jobs Act.

3 SEC. 2. (a) The Legislature finds and declares that having a  
4 healthy housing market that provides an adequate supply of homes  
5 affordable to Californians at all income levels is critical to the  
6 economic prosperity and quality of life in the state.

7 (b) The Legislature further finds and declares all of the  
8 following:

9 (1) Funding approved by the state's voters in 2002 and 2006,  
10 as of June 2015, has financed the construction, rehabilitation, and  
11 preservation of over 14,000 shelter spaces and 245,000 affordable  
12 homes. These numbers include thousands of supportive homes for  
13 people experiencing homelessness. In addition, these funds have  
14 helped tens of thousands of families become or remain  
15 homeowners. Nearly all of the voter-approved funding for  
16 affordable housing has been awarded.

1 (2) The requirement in the Community Redevelopment Law  
2 that redevelopment agencies set aside 20 percent of tax increment  
3 for affordable housing generated roughly \$1 billion per year. With  
4 the elimination of redevelopment agencies, this funding stream  
5 has disappeared.

6 (3) In 2014, the Legislature committed 10 percent of ongoing  
7 cap-and-trade funds for affordable housing that reduces greenhouse  
8 gas emissions and dedicated \$100 million in one-time funding for  
9 affordable multifamily and permanent supportive housing. In  
10 addition, the people of California thoughtfully approved the  
11 repurposing of \$600 million in already committed bond funds for  
12 the creation of affordable rental and permanent supportive housing  
13 for veterans through the passage of Proposition 41.

14 (4) In 2015, the Legislature approved \$2 billion in revenue  
15 bonds for the construction and rehabilitation of permanent  
16 supportive housing for homeless individuals with mental illness  
17 through the “No Place Like Home” initiative and increased funding  
18 for the CalWORKs Housing Support Program to \$47 million per  
19 year. Another \$45 million was directed to Emergency Solutions  
20 Grants to fund rapid rehousing, outreach, shelters, and homeless  
21 prevention and \$10 million was provided to reduce homelessness  
22 among families who are part of the child welfare system.

23 (5) Despite these investments, the need for affordable housing  
24 in the State of California greatly exceeds the available resources,  
25 demonstrated by the Public Policy Institute of California finding  
26 that, as of January 2016, 31.5 percent of mortgaged homeowners  
27 and 47 percent of all renters are spending more than 35 percent of  
28 their household incomes on housing.

29 (6) California has 12 percent of the United States population,  
30 but 20 percent of its homeless population. California has the highest  
31 percentage of unsheltered homeless in the nation, with 64 percent  
32 of homeless Californians not having shelter. California has 24  
33 percent of the nation’s homeless veterans population and one-third  
34 of the nation’s chronically homeless population. California also  
35 has the largest population of unaccompanied homeless children  
36 and youth, with 28 percent of the national total.

37 (7) Furthermore, four of the top 10 metropolitan areas in the  
38 country with the highest rate of homelessness are in the following  
39 metropolitan areas in California: San Jose-Sunnyvale-Santa Clara,  
40 Los Angeles-Long Beach-Santa Ana, Fresno, and Stockton.

1 (8) California continues to have the second lowest  
2 homeownership rate in the nation, and the Los Angeles  
3 metropolitan area is now a majority renter area. In fact, five of the  
4 eight lowest homeownership rates are in metropolitan areas in  
5 California.

6 (9) Los Angeles and Orange Counties have been identified as  
7 the epicenter of overcrowded housing, and numerous studies have  
8 shown that children in crowded homes have poorer health, worse  
9 scores on mathematics and reading tests, and higher rates of  
10 depression and behavioral problems—even when poverty is taken  
11 into account.

12 (10) Millions of Californians are affected by the state’s chronic  
13 housing shortage, including seniors, veterans, people experiencing  
14 chronic homelessness, working families, people with mental,  
15 physical, or developmental disabilities, agricultural workers, people  
16 exiting jails, prisons, and other state institutions, survivors of  
17 domestic violence, and former foster and transition-aged youth.

18 (11) California has 109 federally recognized tribes and 723,000  
19 residents with Native American ancestry, the largest number of  
20 tribes and residents in the United States. Due to historic dislocation  
21 and lack of housing choices, most do not live on tribal lands and  
22 those who do live in severely substandard, overcrowded homes  
23 lacking quality water and sewer services at rates greater than the  
24 general population.

25 *(12) Low rates of teacher recruitment and retention have been*  
26 *exacerbated by many factors, including housing. In high housing*  
27 *cost areas, low teacher recruitment and retention rates are largely*  
28 *a consequence of salaries insufficient to cover housing costs. In*  
29 *rural areas, rental housing is often unavailable. In both instances,*  
30 *the long commute faced by teachers and other classified employees*  
31 *further pushes school employees to leave their position or the*  
32 *profession entirely. School employee housing provides a tool that*  
33 *school districts can use to recruit and retain qualified teachers.*

34 ~~(12)~~  
35 (13) Eight of the top 10 hardest hit cities by the foreclosure  
36 crisis in the nation were in California. They include the Cities of  
37 Stockton, Modesto, Vallejo, Riverside, San Bernardino, Merced,  
38 Bakersfield, and Sacramento.

39 ~~(13)~~

1 (14) California's workforce continues to experience longer  
2 commute times as persons in the workforce seek affordable housing  
3 outside the areas in which they work. If California is unable to  
4 support the construction of affordable housing in these areas,  
5 congestion problems will strain the state's transportation system  
6 and exacerbate greenhouse gas emissions.

7 ~~(14)~~

8 (15) Many economists agree that the state's higher than average  
9 unemployment rate is due in large part to massive shrinkage in the  
10 construction industry from 2005 to 2009, including losses of nearly  
11 700,000 construction-related jobs, a 60-percent decline in  
12 construction spending, and an 83-percent reduction in residential  
13 permits. Restoration of a healthy construction sector will  
14 significantly reduce the state's unemployment rate.

15 ~~(15)~~

16 (16) The lack of sufficient housing impedes economic growth  
17 and development by making it difficult for California employers  
18 to attract and retain employees.

19 ~~(16)~~

20 (17) To keep pace with continuing demand, the state should  
21 identify and establish a permanent, ongoing source or sources of  
22 funding dedicated to affordable housing development. Without a  
23 reliable source of funding for housing affordable to the state's  
24 workforce and most vulnerable residents, the state and its local  
25 and private housing development partners will not be able to  
26 continue increasing the supply of housing after existing housing  
27 bond resources are depleted.

28 ~~(17)~~

29 (18) The investment will leverage billions of dollars in private  
30 investment, lessen demands on law enforcement and dwindling  
31 health care resources as fewer people are forced to live on the  
32 streets or in dangerous substandard buildings, and increase  
33 businesses' ability to attract and retain skilled workers.

34 ~~(18)~~

35 (19) In order to promote housing and homeownership  
36 opportunities, the recording fee imposed by this act shall not be  
37 applied to any recording made in connection with a sale of real  
38 property. Purchasing a home is likely the largest purchase made  
39 by Californians, and it is the intent of this act to not increase  
40 transaction costs associated with these transfers.

1 SEC. 3. Section 27388.1 is added to the Government Code, to  
2 read:

3 27388.1. (a) (1) Commencing January 1, 2018, and except as  
4 provided in paragraph (2), in addition to any other recording fees  
5 specified in this code, a fee of seventy-five dollars (\$75) shall be  
6 paid at the time of recording of every real estate instrument, paper,  
7 or notice required or permitted by law to be recorded, except those  
8 expressly exempted from payment of recording fees, per each  
9 single transaction per parcel of real property. The fee imposed by  
10 this section shall not exceed two hundred twenty-five dollars  
11 (\$225). "Real estate instrument, paper, or notice" means a  
12 document relating to real property, including, but not limited to,  
13 the following: deed, grant deed, trustee's deed, deed of trust,  
14 reconveyance, quit claim deed, fictitious deed of trust, assignment  
15 of deed of trust, request for notice of default, abstract of judgment,  
16 subordination agreement, declaration of homestead, abandonment  
17 of homestead, notice of default, release or discharge, easement,  
18 notice of trustee sale, notice of completion, UCC financing  
19 statement, mechanic's lien, maps, and covenants, conditions, and  
20 restrictions.

21 (2) The fee described in paragraph (1) shall not be imposed on  
22 any real estate instrument, paper, or notice recorded in connection  
23 with a transfer subject to the imposition of a documentary transfer  
24 tax as defined in Section 11911 of the Revenue and Taxation Code  
25 or on any real estate instrument, paper, or notice recorded in  
26 connection with a transfer of real property that is a residential  
27 dwelling to an owner-occupier.

28 (b) The county recorder shall remit quarterly, on or before the  
29 last day of the month next succeeding each calendar quarterly  
30 period, the fees, after deduction of any actual and necessary  
31 administrative costs incurred by the county recorder in carrying  
32 out this section, to the Controller for deposit in the Building Homes  
33 and Jobs Trust Fund established by Section 50470 of the Health  
34 and Safety Code, to be expended for the purposes set forth in that  
35 section. In addition, the county shall pay to the Controller interest,  
36 at the legal rate, on any funds not paid to the Controller before the  
37 last day of the month next succeeding each quarterly period.

38 (c) If the Department of Housing and Community Development  
39 determines that any moneys derived from fees collected are being  
40 allocated by the state for a purpose not authorized by Section 50470

1 of the Health and Safety Code, the county recorder shall, upon  
2 notice of the determination, immediately cease collection of the  
3 fees, and shall resume collection of those fees only upon notice  
4 that the moneys derived from the fees collected are being allocated  
5 by the state only for a purpose authorized by Section 50470 of the  
6 Health and Safety Code.

7 ~~SEC. 4. Section 50408 of the Health and Safety Code is~~  
8 ~~amended to read:~~

9 ~~50408. (a) On or before December 31 of each year, the~~  
10 ~~department shall submit an annual report to the Governor and both~~  
11 ~~houses of the Legislature on the operations and accomplishments~~  
12 ~~during the previous fiscal year of the housing programs~~  
13 ~~administered by the department, including, but not limited to, the~~  
14 ~~Emergency Housing and Assistance Program and Community~~  
15 ~~Development Block Grant activity.~~

16 ~~(b) The report shall include all of the following information:~~

17 ~~(1) The number of units assisted by those programs.~~

18 ~~(2) The number of individuals and households served and their~~  
19 ~~income levels.~~

20 ~~(3) The distribution of units among various areas of the state.~~

21 ~~(4) The amount of other public and private funds leveraged by~~  
22 ~~the assistance provided by those programs.~~

23 ~~(5) Information detailing the assistance provided to various~~  
24 ~~groups of persons by programs that are targeted to assist those~~  
25 ~~groups.~~

26 ~~(6) The information required to be reported pursuant to Section~~  
27 ~~17031.8.~~

28 ~~(7) (A) An evaluation, in collaboration with the Department of~~  
29 ~~Veterans Affairs, of any program established by the department~~  
30 ~~pursuant to Article 3.2 (commencing with Section 987.001) of~~  
31 ~~Chapter 6 of Division 4 of the Military and Veterans Code,~~  
32 ~~including information relating to the effectiveness of assisted~~  
33 ~~projects in helping veterans occupying any supportive housing or~~  
34 ~~transitional housing development that was issued funds pursuant~~  
35 ~~to that article.~~

36 ~~(B) The evaluation shall include, but is not limited to, the~~  
37 ~~following information:~~

38 ~~(i) Performance outcome data including, but not limited to,~~  
39 ~~housing stability, housing exit information, and tenant satisfaction,~~



1 ~~which may be measured by a survey, and changes in income,~~  
2 ~~benefits, and education.~~

3 ~~(I) For purposes of this paragraph, the term “housing stability”~~  
4 ~~includes, but is not limited to, how many tenants exit transitional~~  
5 ~~housing to permanent housing or maintain permanent housing,~~  
6 ~~and the length of time those tenants spent in assisted units.~~

7 ~~(II) For purposes of this paragraph, the term “housing exit~~  
8 ~~information” includes, but is not limited to, the following:~~

9 ~~(ia) How many tenants left assisted units.~~

10 ~~(ib) The length of tenancy in assisted units.~~

11 ~~(ic) The reason those tenants left assisted units, when that~~  
12 ~~information is readily obtainable.~~

13 ~~(id) The housing status of a tenant exiting an assisted unit upon~~  
14 ~~exit when that information is readily available.~~

15 ~~(ii) Client data, which may include, but is not limited to,~~  
16 ~~demographic characteristics of the veteran and his or her family,~~  
17 ~~educational and employment status of the veteran, and~~  
18 ~~veteran-specific information including, but not limited to, disability~~  
19 ~~ratings, type of discharge, branch, era of service, and veterans~~  
20 ~~affairs health care eligibility.~~

21 ~~(8) An evaluation of any program established by the department~~  
22 ~~to meet the legal requirements of the Federal Housing Trust Fund~~  
23 ~~program guidelines.~~

24 ~~(9) (A) The manner in which the funds were made available~~  
25 ~~pursuant to Chapter 2.5 (commencing with Section 50470) and~~  
26 ~~allocated in the prior year were expended, including efforts to~~  
27 ~~promote a geographically balanced distribution of funds. The report~~  
28 ~~shall also assess the impact of the investment on job creation and~~  
29 ~~the economy. With respect to any awards made specifically to~~  
30 ~~house or support persons who are homeless or at risk of~~  
31 ~~homelessness, the report shall include an analysis of the~~  
32 ~~effectiveness of the funding in allowing these households to retain~~  
33 ~~permanent housing. The department shall make the report available~~  
34 ~~to the public on its Internet Web site.~~

35 ~~(B) In the report required by this paragraph, the department~~  
36 ~~shall make a determination of whether any of the moneys derived~~  
37 ~~from fees collected pursuant to Section 27388.1 of the Government~~  
38 ~~Code are being allocated by the state for any purpose not authorized~~  
39 ~~by Section 50470 and shall share the information with county~~  
40 ~~recorders.~~

1 ~~(C) The report required by this paragraph shall be submitted to~~  
2 ~~the Senate Committee on Transportation and Housing and to the~~  
3 ~~Assembly Committee on Housing and Community Development.~~

4 ~~SEC. 5.~~

5 SEC. 4. Chapter 2.5 (commencing with Section 50470) is added  
6 to Part 2 of Division 31 of the Health and Safety Code, to read:

7  
8 Chapter 2.5. Building Homes and Jobs Act

9  
10 Article 1. General Provisions

11  
12 50470. (a) (1) There is hereby created in the State Treasury  
13 the Building Homes and Jobs Trust Fund. All interest or other  
14 increments resulting from the investment of moneys in the fund  
15 shall be deposited in the fund, notwithstanding Section 16305.7  
16 of the Government Code.

17 (2) Moneys in the Building Homes and Jobs Trust Fund shall  
18 not be subject to transfer to any other fund pursuant to any  
19 provision of Part 2 (commencing with Section 16300) of Division  
20 4 of Title 2 of the Government Code, except to the Surplus Money  
21 Investment Fund. ~~Moneys~~

22 (b) ~~Moneys in the Building Homes and Jobs Trust Fund shall~~  
23 ~~be appropriated either through the annual Budget Act. Upon~~  
24 ~~appropriation by the Legislature: Act, or as provided in this~~  
25 ~~subdivision, in accordance with the following:~~

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

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

37 (i) *Five percent of the funds specified by this subparagraph*  
38 *shall be available for technical assistance to jurisdictions updating*  
39 *specified planning documents. Technical assistance shall be*

1 *provided by the department and the Governor's Office of Planning*  
2 *and Research.*

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

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

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

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

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

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

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

39 *(ia) The department shall award priority points to a county that*  
40 *has a population of 200,000 or less within the unincorporated*

1 areas of the county, to a local government that did not receive an  
2 award based on the formula specified in Section 5306 of Title 42  
3 of the United States Code in 2016, and to a local government that  
4 pledges to use the money awarded pursuant to a competitive grant  
5 under this subclause to assist persons experiencing or at risk of  
6 homelessness, including, but not limited to, providing rapid  
7 rehousing, rental assistance, navigation centers, and the new  
8 construction, rehabilitation, and preservation of permanent and  
9 transitional rental housing.

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

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

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

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

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

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

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

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

38 (VI) If a local government does not have a documented plan to  
39 expend the moneys allocated to it pursuant to this subparagraph  
40 within five years of that allocation, those moneys shall be exempt

1 *from the allocation requirements in this paragraph and shall revert*  
2 *to, and be paid and deposited in, the Housing Rehabilitation Loan*  
3 *Fund established pursuant to Section 50661 to be used for the*  
4 *Multifamily Housing Program (Chapter 6.7 (commencing with*  
5 *Section 50675)) or for technical assistance for local governments.*

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

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

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

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

25 *(iii) Fifteen percent of the moneys deposited in the fund shall,*  
26 *notwithstanding any other provision of this section or Section*  
27 *13340 of the Government Code, be continuously appropriated to*  
28 *the California Housing Finance Agency for the purpose of creating*  
29 *mixed income multifamily residential housing for lower to moderate*  
30 *income households pursuant to Chapter 6.7 (commencing with*  
31 *Section 51325) of Part 3.*

32 ~~*(A) Twenty percent of moneys in the fund shall be expended*~~  
33 ~~*for affordable owner-occupied workforce housing.*~~

34 ~~*(B) Ten percent of the moneys in the fund shall be expended to*~~  
35 ~~*address affordable homeownership and rental housing opportunities*~~  
36 ~~*for agricultural workers and their families.*~~

37 ~~*(C)*~~

38 ~~*(D) The remainder of the moneys in the fund allocated to local*~~  
39 ~~*governments may be expended for the following purposes:*~~

- 1 (i) The *predevelopment*, development, acquisition, rehabilitation,  
2 and preservation of *multifamily, residential live-work*, rental  
3 housing that is affordable to extremely low, very low, low-, and  
4 moderate-income households, including necessary operating  
5 subsidies.
- 6 (ii) Affordable rental and ownership housing that meets the  
7 needs of a growing workforce earning up to 120 percent of area  
8 median ~~income~~, *income, or 150 percent of area median income in*  
9 *high-cost areas*.
- 10 (iii) Matching portions of funds placed into local or regional  
11 housing trust funds.
- 12 (iv) Matching portions of funds available through the Low and  
13 Moderate Income Housing Asset Fund pursuant to subdivision (d)  
14 of Section 34176 of the Health and Safety Code.
- 15 (v) Capitalized reserves for services connected to the creation  
16 of new permanent supportive housing, including, but not limited  
17 to, developments funded through the Veterans Housing and  
18 Homelessness Prevention Bond Act of 2014.
- 19 ~~(vi) Emergency shelters, transitional housing, and rapid~~  
20 ~~rehousing.~~
- 21 (vi) *Assisting persons who are experiencing or at risk of*  
22 *homelessness, including providing rapid rehousing, rental*  
23 *assistance, navigation centers, emergency shelters, and the new*  
24 *construction, rehabilitation, and preservation of permanent and*  
25 *transitional housing*.
- 26 (vii) Accessibility modifications.
- 27 (viii) Efforts to acquire and rehabilitate foreclosed or vacant  
28 homes.
- 29 (ix) Homeownership opportunities, including, but not limited  
30 to, downpayment assistance.
- 31 ~~(x) Grants to local and regional agencies to assist in the~~  
32 ~~development and updating of planning documents and zoning~~  
33 ~~ordinances in order to accelerate housing production, including,~~  
34 ~~but not limited to, general plans, community plans, specific plans,~~  
35 ~~sustainable communities strategies, and local coastal programs.~~
- 36 ~~(xi)~~
- 37 (x) Fiscal incentives or matching funds to local agencies that  
38 approve new housing for extremely low, very low, low-, and  
39 moderate-income households.
- 40 ~~(xii) The cost of the periodic audits required by Section 50475.~~

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

6 ~~(b)~~

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

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

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

13 ~~(e) If a local government does not expend the moneys allocated~~  
14 ~~to it, pursuant to this chapter, within five years of that allocation,~~  
15 ~~those moneys shall revert to, and be paid and deposited in, the~~  
16 ~~fund.~~

17 (d) *In consultation with stakeholders, the department may adopt*  
18 *guidelines to implement this section, including to determine*  
19 *allocation methodologies. Any guideline, rule, policy, or standard*  
20 *of general application employed by the department in implementing*  
21 *this chapter shall not be subject to the requirements of the*  
22 *Administrative Procedure Act (Chapter 3.5 (commencing with*  
23 *Section 11340) of Part 1 of Division 3 of Title 2 of the Government*  
24 *Code).*

25 50470.5. For purposes of this chapter:

26 (a) “Department” means the Department of Housing and  
27 Community Development.

28 ~~(b) “Governing board” means the Building Homes and Jobs~~  
29 ~~Trust Fund Governing Board.~~

30 (b) “Local government” means any city, county, or city and  
31 county.

32 ~~50470.7. The Building Homes and Jobs Trust Fund Governing~~  
33 ~~Board is hereby established. The governing board shall include:~~

34 ~~(a) The Treasurer, or his or her designee.~~

35 ~~(b) The Director of Housing and Community Development, or~~  
36 ~~his or her designee.~~

37 ~~(c) The Executive Director of the California Housing Finance~~  
38 ~~Agency, or his or her designee.~~

39 ~~(d) Six members appointed by the Governor, as follows:~~

~~(1) Two real estate licensees, each with not less than 10 years of experience, and membership in a real estate trade organization with no less than 20,000 licensees as members.~~

~~(2) Two members who are local government officials.~~

~~(3) Two members who represent the home building industry.~~

~~(4) For any members appointed pursuant to this subdivision, the Governor shall appoint one member who resides in northern California, and one member who resides in southern California. Each member shall serve without compensation, but shall be reimbursed for travel and necessary expenses incurred in the performance of the member's duties.~~

~~(e) Three public members appointed by the Senate Committee on Rules, as follows:~~

~~(1) One member who represents the nonprofit affordable housing development sector.~~

~~(2) One member who represents the for-profit affordable housing development sector.~~

~~(3) One member who represents or has experience in private sector lending, for-profit affordable housing development, nonprofit affordable housing development, working with special needs populations, including persons experiencing homelessness, architecture, housing development consultation, or academia related to housing issues.~~

~~(f) Three public members appointed by the Speaker of the Assembly:~~

~~(1) One member who represents the nonprofit affordable housing development sector.~~

~~(2) One member who represents the for-profit affordable housing development sector.~~

~~(3) One member who represents or has experience in private sector lending, for-profit affordable housing development, nonprofit affordable housing development, working with special needs populations, including persons experiencing homelessness, architecture, housing development consultation, or academia related to housing issues.~~

~~(4) Members appointed pursuant to this subdivision or subdivision (e) shall contribute to a balance among geographic areas and between rural and urban interests.~~

~~50471. (a) In order to maximize efficiency and address comprehensive needs, the department, in consultation with the~~



~~California Housing Finance Agency, the California Tax Credit Allocation Committee, and the California Debt Limit Allocation Committee, shall develop and submit to the Legislature, at the time of the Department of Finance's adjustments to the proposed 2018-19 fiscal year budget pursuant to subdivision (e) of Section 13308 of the Government Code, the Building Homes and Jobs Investment Strategy. Notwithstanding Section 10231.5 of the Government Code, commencing with the 2023-24 fiscal year, and every five years thereafter, concurrent with the release of the Governor's proposed budget, the department shall update the investment strategy and submit it to the Legislature. The governing board shall review and advise the department regarding the investment strategy prior to its submission to the Legislature. The investment strategy shall do all of the following:~~

~~(1) Identify the statewide needs, goals, objectives, and outcomes for housing for a five-year time period. Goals should include targets of the total number for affordable homes created and preserved with the funds.~~

~~(2) Meet the following minimum objectives:~~

~~(A) Encourage economic development and job creation by helping to meet the housing needs of a growing workforce earning up to 120 percent of area median income.~~

~~(B) Identify opportunities for coordination among state departments and agencies to achieve greater efficiencies, increase the amount of federal investment in production, services, and operating costs of housing, and promote energy efficiency in housing produced.~~

~~(C) Incentivize the use and coordination of nontraditional funding sources including philanthropic funds, local realignment funds, nonhousing tax increment, the federal Patient Protection and Affordable Care Act, and other resources.~~

~~(D) Incentivize innovative approaches that produce cost savings to local and state services by reducing the instability of housing for frequent, high-cost users of hospitals, jails, detoxification facilities, psychiatric hospitals, and emergency shelters.~~

~~(3) Provide for a geographically balanced distribution of funds, including a 50 percent direct allocation of funds to local governments.~~

~~(4) In order to receive an allocation a local government shall:~~

1 ~~(A) Submit a plan to the department detailing the manner in~~  
2 ~~which allocated funds will be used by the local government in a~~  
3 ~~manner consistent with paragraph (2) of subdivision (a) of Section~~  
4 ~~50470.~~

5 ~~(B) Have a compliant housing element with the state, submit~~  
6 ~~annual reports pursuant to Section 65400 of the Government Code,~~  
7 ~~and submit an annual report to the department that provides~~  
8 ~~ongoing tracking of the uses and expenditures of any allocated~~  
9 ~~funds.~~

10 ~~(C) Emphasize investments that serve households that are at or~~  
11 ~~below 60 percent of area median income.~~

12 ~~(b)~~  
13 ~~Before submitting the Building Homes and Jobs Investment~~  
14 ~~Strategy to the Legislature, the department shall hold at least four~~  
15 ~~public workshops in different regions of the state to further inform~~  
16 ~~the development of the investment strategy.~~

17 ~~(c)~~  
18 ~~Expenditure requests contained in the Governor's proposed~~  
19 ~~budget shall be consistent with the Building Homes and Jobs~~  
20 ~~Investment Strategy developed and submitted pursuant to this part.~~

21 ~~(d)~~  
22 ~~The Building Homes and Jobs Investment Strategy and updates~~  
23 ~~required by this section shall be submitted pursuant to Section~~  
24 ~~9795 of the Government Code.~~

25 ~~(e) The governing board shall have the authority to review and~~  
26 ~~approve department recommendations for all funds distributed~~  
27 ~~from the Building Homes and Jobs Trust Fund.~~

28 *50471. The department and the California Housing Finance*  
29 *Agency shall report on the expenditure of funds pursuant to this*  
30 *chapter in accordance with Sections 50408 and 51005,*  
31 *respectively.*

## 32 Article 2. Audits and Reporting

33  
34  
35 ~~50475. (a) The California State Auditor's Office shall of State~~  
36 ~~Audits and Evaluation may conduct periodic audits to ensure that~~  
37 ~~the annual allocation to individual programs is awarded by the~~  
38 ~~department in a timely fashion consistent with the requirements~~  
39 ~~of this chapter. The first audit shall be conducted no later than 24~~  
40 ~~months from the effective date of this section.~~

1 (b) The department shall reimburse the ~~California State~~  
2 ~~Auditor's~~ Office of State Audits and Evaluation for the actual costs  
3 of audit work performed pursuant to this section.

4 ~~SEC. 6.~~

5 SEC. 5. No reimbursement is required by this act pursuant to  
6 Section 6 of Article XIII B of the California Constitution because  
7 a local agency or school district has the authority to levy service  
8 charges, fees, or assessments sufficient to pay for the program or  
9 level of service mandated by this act, within the meaning of Section  
10 17556 of the Government Code.

11 ~~SEC. 7.~~

12 SEC. 6. This act is an urgency statute necessary for the  
13 immediate preservation of the public peace, health, or safety within  
14 the meaning of Article IV of the California Constitution and shall  
15 go into immediate effect. The facts constituting the necessity are:

16 In order to provide affordable housing opportunities at the earliest  
17 possible time, it is necessary for this act to take effect immediately.