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AB-1657 The Affordable Housing Bond Act of 2024. (2023-2024)

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Date Published: 04/17/2023 09:00 PM

AMENDED IN ASSEMBLY APRIL 17, 2023

CALIFORNIA LEGISLATURE— 2023–2024 REGULAR SESSION

ASSEMBLY BILL

NO. 1657

Introduced by Assembly Member Wicks
(Principal coauthors: Senators Becker and Wiener)
(Coauthors: Assembly Members Friedman, Kalra, Robert Rivas, Schiavo, and Ward)
(Coauthors: Senators Cortese, Dodd, and Smallwood-Cuevas)

February 17, 2023

An act to add Part 16.1 (commencing with Section 54050) to Division 31 of the Health and Safety Code, relating to housing, by providing the funds necessary therefor through an election for the issuance and sale of bonds of the State of California and for the handling and disposition of those funds, and declaring the urgency thereof, to take effect immediately.

LEGISLATIVE COUNSEL'S DIGEST

AB 1657, as amended, Wicks. The Affordable Housing Bond Act of 2024.

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 and 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 Affordable Housing Bond Act of 2024, which, if adopted, would authorize the issuance of bonds in the amount of ~~—\$—~~ **\$10,000,000,000** pursuant to the State General Obligation Bond Law. Proceeds from the sale of these bonds would be used to finance programs to fund affordable rental housing and homeownership programs, ~~as provided~~ **including, among others, the Multifamily Housing Program, the CalHome Program, and the Joe Serna, Jr. Farmworker Housing Grant Program.**

This bill would provide for submission of the bond act to the voters at the ~~November~~ **March** 5, 2024, statewide general election in accordance with specified law.

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

Vote: 2/3 Appropriation: no Fiscal Committee: yes Local Program: no

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

SECTION 1. Part 16.1 (commencing with Section 54050) is added to Division 31 of the Health and Safety Code, to read:

PART 16.1. Affordable Housing Bond Act of 2024

CHAPTER 1. General Provisions

54050. This part shall be known as the Affordable Housing Bond Act of 2024.

54051. This part shall only become operative upon adoption by the voters at the ~~November~~ *March* 5, 2024, statewide general election.

54052. For purposes of this part, "fund" means the Affordable Housing Bond Act Trust Fund of 2024 created pursuant to Section 54054.

CHAPTER 2. Affordable Housing Bond Act Trust Fund of 2024 and Program

54054. (a) The Affordable Housing Bond Act Trust Fund of 2024 is hereby created within the State Treasury. It is the intent of the Legislature that the proceeds of bonds, exclusive of refunding bonds issued pursuant to Section 54076, be deposited in the fund and used to fund affordable rental housing and homeownership programs.

~~(b) It is the intent of the Legislature to further determine the allocation of these funds to specific programs.~~

(b) The proceeds of bonds issued and sold pursuant to this part for the purposes specified in this chapter shall be allocated in the following manner:

(1) Five billion two hundred fifty million dollars (\$5,250,000,000) to be deposited in the Housing Rehabilitation Loan Fund established pursuant to Section 50661 to be used for the Multifamily Housing Program authorized by Chapter 6.7 (commencing with Section 50675) of Part 2. At least 10 percent of assisted units in each development receiving these funds shall be affordable to extremely low income households.

(2) One billion seven hundred fifty million dollars (\$1,750,000,000) to be deposited in the Housing Rehabilitation Loan Fund established pursuant to Section 50661 to be used for supportive housing, as defined in Section 50675.14, pursuant to the Multifamily Housing Program authorized by Chapter 6.7 (commencing with Section 50675) of Part 2. The department shall offer capitalized operating subsidy reserves for supportive housing units in developments receiving these funds.

(3) One billion five hundred million dollars (\$1,500,000,000), to be appropriated by the Legislature, to preserve or rehabilitate existing subsidized or unsubsidized rental housing through the following programs:

(A) The program commonly known as the Portfolio Reinvestment Program established pursuant to Chapter 5.5 (commencing with Section 50606) of Part 2.

(B) The Energy Efficiency Low-Income Weatherization Program established pursuant to Section 12087.5 of the Government Code.

(C) A program, to be administered by the Department of Housing and Community Development, to fund the acquisition and rehabilitation of unrestricted housing units and attach long-term affordability restrictions on the housing units, while safeguarding against the displacement of current residents. It is the intent of the Legislature that the specific criteria establishing eligibility for and use of the funds shall be established in statute.

(4) One billion dollars (\$1,000,000,000), to be appropriated by the Legislature, to provide homeownership opportunities through the following programs:

(A) The CalHome Program established pursuant to Chapter 6 (commencing with Section 50650) of Part 2.

(B) The home purchase assistance program established pursuant to Chapter 6.8 (commencing with Section 51341) of Part 3.

(5) Five hundred million dollars (\$500,000,000), to be appropriated by the Legislature, for the following programs:

(A) The Joe Serna, Jr. Farmworker Housing Grant Program pursuant to Chapter 3.2 (commencing with Section 50515.2) of Part 2.

(B) A dedicated, flexible, and comprehensive state program designed for, and in consultation with, tribes, which shall be administered by the Department of Housing and Community Development, to finance housing and housing-related activities that will enable tribes to rebuild and reconstitute their communities. It is the intent of the Legislature that the specific criteria establishing eligibility for and use of the funds shall be established in statute.

54056. (a) The Legislature may, from time to time, amend any law related to programs to which funds are, or have been, allocated pursuant to this chapter for the purposes of improving the efficiency and effectiveness of those programs or to further the goals of those programs.

(b) The Legislature may amend this chapter to reallocate the proceeds of bonds issued and sold pursuant to this part among the programs to which funds are to be allocated pursuant to this chapter as necessary to effectively promote the development of affordable housing in this state.

(c) The Department of Housing and Community Development may disburse any funds made available to housing development projects pursuant to this chapter during the construction period.

CHAPTER 3. Fiscal Provisions

54060. Bonds in the total amount of ~~ten billion~~ *ten billion* dollars ~~(\$10,000,000,000)~~, exclusive of refunding bonds issued pursuant to Section 54076, or so much thereof as is necessary as determined by the committee, are hereby authorized to be issued and sold for carrying out the purposes expressed in this part and to reimburse the General Obligation Bond Expense Revolving Fund pursuant to Section 16724.5 of the Government Code. All bonds herein authorized that have been duly issued, sold, and delivered as provided herein shall constitute valid and binding general obligations of the state, and the full faith and credit of the state is hereby pledged for the punctual payment of both principal of and interest on those bonds when due.

54062. The bonds authorized by this part shall be prepared, executed, issued, sold, paid, and redeemed as provided in the State General Obligation Bond Law (Chapter 4 (commencing with Section 16720) of Part 3 of Division 4 of Title 2 of the Government Code), except subdivisions (a) and (b) of Section 16727 of the Government Code, and all of the provisions of that law as amended from time to time apply to the bonds and to this part, except as provided in Section 54078, and are hereby incorporated in this part as though set forth in full in this part.

54064. (a) Solely for the purpose of authorizing the issuance and sale, pursuant to the State General Obligation Bond Law, of the bonds authorized by this part, the committee is continued in existence. For the purposes of this part, the Housing Finance Committee is "the committee" as that term is used in the State General Obligation Bond Law.

(b) For the purposes of the State General Obligation Bond Law, the Department of Housing and Community Development is designated the "board" for programs administered by the department, and the California Housing Finance Agency is the "board" for programs administered by the agency.

54066. Upon request of the board stating that funds are needed for purposes of this part, the committee shall determine whether or not it is necessary or desirable to issue bonds, and, if so, the amount of bonds to be issued and sold. Successive issues of bonds may be authorized and sold to carry out those actions progressively, and are not required to be sold at any one time. Bonds may bear interest subject to federal income tax.

54068. There shall be collected annually, in the same manner and at the same time as other state revenue is collected, a sum of money in addition to the ordinary revenues of the state, sufficient to pay the principal of, and interest on, the bonds each year. It is the duty of all officers charged by law with any duty in regard to the collections of state revenues to do or perform each and every act that is necessary to collect that additional sum.

54070. Notwithstanding Section 13340 of the Government Code, there is hereby continuously appropriated from the General Fund in the State Treasury, for the purposes of this part, an amount that will equal the total of both of the following:

(a) The sum annually necessary to pay the principal of, and interest on, bonds issued and sold pursuant to this part, as the principal and interest become due and payable.

(b) The sum that is necessary to carry out Section 54074, appropriated without regard to fiscal years.

54072. The board may request the Pooled Money Investment Board to make a loan from the Pooled Money Investment Account, in accordance with Section 16312 of the Government Code, for purposes of this part. The amount of the request shall not exceed the amount of the unsold bonds that the committee has, by resolution, authorized to be sold, excluding any refunding bonds authorized pursuant to Section 54076, for purposes of this part, less any amount loaned pursuant to this section and not yet repaid and any amount withdrawn from the General Fund pursuant to Section 54074 and not yet returned to the General Fund. The board shall execute any documents as required by the Pooled Money Investment Board to obtain and repay the loan. Any amount loaned shall be deposited in the fund to be allocated in accordance with this part.

54074. For purposes of carrying out this part, the Director of Finance may, by executive order, authorize the withdrawal from the General Fund of an amount or amounts not to exceed the amount of the unsold bonds that the committee has, by resolution, authorized to be sold, excluding any refunding bonds authorized pursuant to Section 54076, for purposes of this part, less any amount loaned pursuant to Section 54072 and not yet repaid and any amount withdrawn from the General Fund pursuant to this section and not yet returned to the General Fund. Any amounts withdrawn shall be deposited in the fund to be allocated in accordance with this part. Any moneys made available under this section shall be returned to the General Fund, plus the interest that the amounts would have earned in the Pooled Money Investment Account, from moneys received from the sale of bonds that would otherwise be deposited in that fund.

54076. The bonds may be refunded in accordance with Article 6 (commencing with Section 16780) of Chapter 4 of Part 3 of Division 4 of Title 2 of the Government Code. Approval by the electors of this act shall constitute approval of any refunding bonds issued to refund bonds issued pursuant to this part, including any prior issued refunding bonds. A bond refunded with the proceeds of a refunding bond as authorized by this section may be legally defeased to the extent permitted by law in the manner and to the extent set forth in the resolution, as amended from time to time, authorizing that refunded bond.

54078. Notwithstanding any provisions in the State General Obligation Bond Law, the maturity date of bonds authorized by this part shall not be later than 35 years from the date of each bond. The maturity of each series shall be calculated from the date of issuance of each bond.

54080. The Legislature hereby finds and declares that, inasmuch as the proceeds from the sale of bonds authorized by this part are not "proceeds of taxes" as that term is used in Article XIII B of the California Constitution, the disbursement of these proceeds is not subject to the limitations imposed by that article.

54082. Notwithstanding any provision of the State General Obligation Bond Law with regard to the proceeds from the sale of bonds authorized by this part that are subject to investment under Article 4 (commencing with Section 16470) of Chapter 3 of Part 2 of Division 4 of Title 2 of the Government Code, the Treasurer may maintain a separate account for investment earnings, may order the payment of those earnings to comply with any rebate requirement applicable under federal law, and may otherwise direct the use and investment of those proceeds so as to maintain the tax-exempt status of tax-exempt bonds and to obtain any other advantage under federal law on behalf of the funds of this state.

54084. (a) Subject to subdivision (b), all moneys derived from premiums and accrued interest on bonds sold pursuant to this part shall be transferred to the General Fund as a credit to expenditures for bond interest.

(b) Amounts derived from premiums may be reserved and used to pay the costs of bond issuance before transfer to the General Fund.

SEC. 2. Section 1 of this act shall become operative upon the adoption by the voters of the Affordable Housing Bond Act of 2024.

SEC. 3. Section 1 of this act shall be submitted to the voters at the ~~November~~ **March** 5, 2024, statewide election in accordance with provisions of the Government Code and the Elections Code governing the submission of a statewide measure to the voters.

SEC. 4. This act is an urgency statute necessary for the immediate preservation of the public peace, health, or safety within the meaning of Article IV of the California Constitution and shall go into immediate effect. The facts

constituting the necessity are:

In order to maximize the time available for the analysis and preparation of the proposed issuance of bonds pursuant to this act, it is necessary that this act take effect immediately.