

AMENDED IN SENATE JUNE 21, 2006

AMENDED IN ASSEMBLY MAY 3, 2006

AMENDED IN ASSEMBLY MARCH 30, 2006

CALIFORNIA LEGISLATURE—2005–06 REGULAR SESSION

ASSEMBLY BILL

No. 2638

**Introduced by Assembly Member Laird
(Coauthors: Assembly Members Hancock, Mullin, and Torrico)**

February 24, 2006

An act to amend Section 50843 of, *and to add Sections 50842.1, 50842.2, and 50843.5 to*, the Health and Safety Code, relating to housing, *and declaring the urgency thereof, to take effect immediately.*

LEGISLATIVE COUNSEL'S DIGEST

AB 2638, as amended, Laird. Housing trust fund.

(1) Existing law establishes the Local Housing Trust Fund Matching Grant Program for the purpose of supporting local housing trust funds dedicated to the creation or preservation of affordable housing. The Department of Housing and Community Development is authorized to make matching grants available to cities and counties, or a city and county, and existing charitable nonprofit organizations that have created, funded, and operated housing trust funds prior to January 1, 2003. Existing law also authorizes the department to make matching grants available to new local housing trusts created after January 1, 2003. Existing law *provides that a project receiving funds is ineligible for funding through the Multifamily Housing Program. Existing law requires funds unencumbered within 30 months of receipt to revert to the department for use in the Multifamily Housing Program and requires loan repayments to accrue to the department to*

support the development of rental housing consistent with the Multifamily Housing Program if the local grantee trust no longer exists.

This bill would allow a project receiving funds from this program to be eligible for funding through the Multifamily Housing Program and would require funds that revert to the department to be used in the Local Housing Trust Fund Matching Grant Program and loan repayments accruing to the department to be used in the Local Housing Trust Fund Matching Grant Program.

(2) Existing law requires ~~this program~~ the Local Housing Trust Fund Matching Grant Program to be operated under guidelines adopted by the department that are exempt from the requirements of Administrative Procedure Act.

This bill would, *for grants made available from funds other than those made available pursuant to the Housing and Emergency Shelter Trust Fund Act of 2002, and subject to the availability of funds,* require, rather than authorize, the department to make these grants and would eliminate the distinction between housing trusts that existed before January 1, 2003, and those that are created after that date. The bill would also eliminate the requirement that the program be operated under guidelines adopted by the department that are exempt from the requirements of the Administrative Procedure Act.

(2)

(3) Existing law authorizes the department to establish competitive criteria for the award of local housing trust fund matching grants and requires the funding priorities used in the Multifamily Housing Program to be used if grant applications exceed available funds. Existing law requires that an applicant providing matching funds from a source other than impact fees on residential development receive priority for funding. Existing law makes a project receiving funds ineligible for funding through the Multifamily Housing Program.

This bill would delete ~~these provisions~~ *this authorization for grants made available from funds other than those made available pursuant to the Housing and Emergency Shelter Trust Fund Act of 2002.*

(3)

(4) Existing law requires program funds to be used to provide loans for the construction of rental housing affordable to, and restricted for, very low income persons and families earning less than 60% of the area median income.

This bill would instead, *for grants made available from funds other than those made available pursuant to the Housing and Emergency Shelter Trust Fund Act of 2002*, require funds be used for the acquisition, construction, or rehabilitation of rental housing, emergency shelters, safe havens, transitional housing, and for sale housing. The bill would require at least 30% of *these* funds to be expended on projects, units, or shelters that are affordable to, and restricted for, extremely low income persons and families, no more than 20% of *these* funds to be expended on projects or units affordable to, and restricted for, moderate-income persons and families whose income does not exceed 120% of the area median income, and the remaining funds to be used for projects, units, or shelters that are affordable to, and restricted for, lower income persons and families. *The bill would require the grantee to record deed restrictions on for sale housing to ensure that the housing is affordable to households that meet the relevant income qualifications for at least 30 years or provide for equity sharing upon resale.*

~~(4)~~

~~(5) Existing law requires funds unencumbered within 30 months of receipt to revert to the department for use in the Multifamily Housing Program and requires loan repayments to accrue to the department to support the development of rental housing consistent with the Multifamily Housing Program if the local grantee trust no longer exists.~~

~~This bill would require funds unencumbered within 36 months of receipt to revert to the department for use in the Local Housing Trust Fund Matching Grant Program and loan repayments accruing to the department to be used in the Local Housing Trust Fund Matching Grant Program, for grants made available from funds other than those made available pursuant to the Housing and Emergency Shelter Trust Fund Act of 2002, extend this 30 month period to 54 months.~~

~~(6) Existing law requires the department to provide a report the Legislature regarding the program no later than December 31, 2005.~~

~~The bill would require the department's report to the Legislature to be provided by January 30 of the year following a year in which funds are awarded by the program.~~

~~The bill would also make technical, nonsubstantive changes.~~

~~(7) This bill would declare that it is to take effect immediately as an urgency statute.~~

Vote: ~~majority~~^{2/3}. Appropriation: no. Fiscal committee: yes.
State-mandated local program: no.

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

1 SECTION 1. Section 50842.1 is added to the Health and
2 Safety Code, to read:

3 50842.1. The Legislature finds and declares all of the
4 following:

5 (a) Local housing trusts are locally developed responses to
6 regional housing needs and are responsive to local control.

7 (b) Local housing trusts have an excellent record of
8 accomplishment of serving as efficient vehicles for disbursing
9 resources at the local level.

10 (c) As of January 1, 2006, there were 21 city and nine county
11 housing trusts throughout California producing thousands of
12 units of affordable housing, through the utilization of millions of
13 dollars of locally generated funds, resulting in the leverage of
14 millions more for the development of affordable housing.

15 (d) Housing trusts are local sources of revenue for affordable
16 housing and very often are a direct result of local constituencies
17 coming together around affordable housing. These relationships
18 are often long term and include a broad set of community players
19 that go beyond the traditional supporter of affordable housing.

20 SEC. 2. Section 50842.2 is added to the Health and Safety
21 Code, to read:

22 50842.2. There is hereby established the Local Housing Trust
23 Fund Matching Grant Program, to be administered by the
24 department, for the purpose of supporting local housing trust
25 funds dedicated to the creation or preservation of affordable
26 housing as described in this section. Local housing trust funds
27 shall be derived on an ongoing basis from private contributions
28 or governmental sources that are not otherwise restricted in use
29 for housing programs.

30 SEC. 3. Section 50843 of the Health and Safety Code is
31 amended to read:

32 50843. (a) ~~The Legislature finds and declares all of the~~
33 ~~following:~~

34 (1) ~~Local housing trusts are locally developed responses to~~
35 ~~regional housing needs, and are responsive to local control.~~

1 ~~(2) Local housing trusts have an excellent record of~~
2 ~~accomplishment of serving as efficient vehicles for disbursing~~
3 ~~resources at the local level.~~

4 ~~(3) Currently there are 10 city and three county housing trusts~~
5 ~~throughout California producing thousands of units of affordable~~
6 ~~housing through the utilization of millions of dollars of locally~~
7 ~~generated funds, resulting in the leverage of millions more for the~~
8 ~~development of affordable housing.~~

9 ~~(4) Housing trusts are local sources of revenue for affordable~~
10 ~~housing and very often are a direct result of local constituencies~~
11 ~~coming together around affordable housing. These relationships~~
12 ~~are often long term and include a broad set of community players~~
13 ~~that go beyond the traditional supporter of affordable housing.~~

14 ~~(b) There is hereby established the Local Housing Trust Fund~~
15 ~~Matching Grant Program, to be administered by the department,~~
16 ~~for the purpose of supporting local housing trust funds dedicated~~
17 ~~to the creation or preservation of affordable housing as described~~
18 ~~in this section. Local housing trust funds shall be funded on an~~
19 ~~ongoing basis from private contributions or governmental~~
20 ~~sources that are not otherwise restricted in use for housing~~
21 ~~programs.~~

22 ~~(e) For the purposes of this program, the following provisions~~
23 ~~shall apply:~~

24 ~~(a) This section applies only to grants awarded pursuant to~~
25 ~~this chapter from funds made available pursuant to Part 11~~
26 ~~(commencing with Section 53500).~~

27 ~~(1)~~

28 ~~(b) The department may make matching grants available to~~
29 ~~cities and counties, or a city and county, that have created,~~
30 ~~funded, and operated housing trust funds prior to January 1,~~
31 ~~2003, and to existing charitable nonprofit organizations described~~
32 ~~in Section 501(c)(3) of the Internal Revenue Code that have~~
33 ~~created, funded, and operated housing trust funds prior to January~~
34 ~~1, 2003. These funds shall be awarded through the issuance of a~~
35 ~~Notice of Funding Availability (NOFA). The department may~~
36 ~~establish competitive criteria consistent with the funding~~
37 ~~priorities used in the Multifamily Housing Program (Chapter 6.7~~
38 ~~(commencing with Section 50675)) to be used in the event that~~
39 ~~applications exceed the funds available. Applicants that provide~~

1 matching funds from a source or sources other than impact fees
2 on residential development shall receive a priority for funding.

3 (2)

4 (c) The department may make matching grants available to
5 new local housing trusts created by cities and counties, or a city
6 and county, and to fund new housing trusts created by charitable
7 nonprofit organizations described in Section 501(c)(3) of the
8 Internal Revenue Code that provide low-income housing
9 assistance. As used in this section, “new housing trust” means a
10 housing trust that was not in existence prior to January 1, 2003.
11 The department may consider grant applications, submitted
12 pursuant to this paragraph, and determine their eligibility for
13 funding, in the order in which they are received.

14 (3)

15 (d) Housing trusts eligible for funding under this section shall
16 have the following characteristics:

17 (A)

18 (1) They utilize a public or joint public and private fund
19 established by legislation, ordinance, resolution, or a
20 public-private partnership to receive specific revenue to address
21 local housing needs.

22 (B)

23 (2) They receive ongoing revenues from dedicated sources of
24 funding such as taxes, fees, loan repayments, or private
25 contributions.

26 (4)

27 (e) The minimum allocation ~~under this subdivision~~ to an
28 applicant shall be one million dollars (\$1,000,000), and no
29 applicant may receive an allocation in excess of two million
30 dollars (\$2,000,000). All funds provided pursuant to this section
31 shall be matched on a dollar-for-dollar basis. No application shall
32 be considered unless the department has received adequate
33 documentation of the deposit in the local housing trust fund of
34 the local match and the identity of the source of matching funds.
35 Applicants shall be required to continue funding the local
36 housing trust fund from these identified local sources, and
37 continue the trust in operation, for a period of no less than five
38 years from the date of award. If the funding is not continued for a
39 five-year period, then (A) the amount of the department’s grant
40 to the local housing trust fund, to the extent that the trust fund

1 has encumbered funds available, shall be immediately repaid,
2 and (B) any payments from the project funded by the local
3 housing trust fund that would have been paid to the local housing
4 trust fund shall be paid instead to the department and used to
5 fund projects under the Multifamily Housing Program, or its
6 successor for the program. The total amount paid to the
7 department pursuant to (A) and (B), combined, shall not exceed
8 the amount of the department's grant.

9 (5)

10 (f) Funds shall be used to provide loans for the construction of
11 rental housing projects, or for construction of units within rental
12 housing projects, affordable to, and restricted for, very low
13 income persons and families earning less than 60 percent of the
14 area median income. All assisted units shall be restricted for not
15 less than 55 years. ~~Projects receiving funds allocated pursuant to~~
16 ~~this section shall not be eligible for funding through the~~
17 ~~Multifamily Housing Program.~~ Loan repayments shall accrue to
18 the grantee housing trust, or to the department if the trust is no
19 longer in existence, ~~to support the development of rental housing~~
20 ~~consistent with the Multifamily Housing Program or a successor~~
21 ~~program for use in the program. After expiration of the standard~~
22 ~~agreement between the department and grantee, loan repayments~~
23 ~~to the grantee housing trust may be used consistent with Section~~
24 ~~50843.5.~~

25 (6)

26 (g) In order for a city, county, or city and county to be eligible
27 for funding, the applicant shall have, at the time of application,
28 an adopted housing element that the department has determined,
29 pursuant to Section 65585 of the Government Code, is in
30 substantial compliance with the requirements of Article 10.6
31 (commencing with Section 65580) of Chapter 3 of Division 1 of
32 Title 7 of the Government Code. In order for a nonprofit
33 organization applicant to be eligible for funding, the applicant
34 shall agree to utilize funds provided under this chapter only for
35 projects located in cities, counties, or a city and county that have,
36 at the time of application, an adopted housing element that the
37 department has determined, pursuant to Section 65585 of the
38 Government Code, to be in substantial compliance with the
39 requirements of Article 10.6 (commencing with Section 65580)
40 of Chapter 3 of Division 1 of Title 7 of the Government Code.

1 For the purposes of this section, eligible local housing trust funds
 2 may not include any ongoing restricted fund that is required to be
 3 established pursuant to federal or state law.

4 ~~(7)~~

5 (h) Recipients shall have held, or shall agree to hold, a public
 6 hearing or hearings to discuss and describe the project or projects
 7 that will be financed with funds provided pursuant to this section.
 8 As a condition of receiving a grant pursuant to this section, any
 9 nonprofit organization shall agree that it will hold one public
 10 meeting a year to discuss the criteria that will be used to select
 11 projects to be funded. That meeting shall be open to the public,
 12 and public notice of this meeting shall be provided, except to the
 13 extent that any similar meeting of a city or county would be
 14 permitted to be held in closed session.

15 ~~(d)~~

16 (i) No more than 5 percent of the funds appropriated to the
 17 department pursuant to subparagraph (C) of paragraph (1) of
 18 subdivision (a) of Section 53533 shall be used to pay the costs of
 19 administration of this section.

20 ~~(e)~~

21 (j) A local housing trust fund shall encumber funds provided
 22 pursuant to this section no later than ~~30~~ 54 months after receipt.
 23 Any funds not encumbered within that period shall revert to the
 24 department for use in the ~~Multifamily Housing Program~~
 25 *program*.

26 ~~(f)~~

27 (k) Recipients shall be required to file periodic reports with the
 28 department regarding the use of funds provided pursuant to this
 29 section. No later than December 31, 2005, the department shall
 30 provide a report to the Legislature regarding the number of trust
 31 funds created, a description of the projects supported, the number
 32 of units assisted, and the amount of matching funds.

33 ~~(g)~~

34 (l) This program shall be operated under guidelines adopted by
 35 the department and shall not be subject to the requirements of
 36 Chapter 3.5 (commencing with Section 11340) of Part 1 of
 37 Division 3 of Title 2 of the Government Code.

38 *SEC. 4. Section 50843.5 is added to the Health and Safety*
 39 *Code, to read:*

1 50843.5. (a) Subject to the availability of funding, the
2 department shall make matching grants available to any city,
3 county, or city and county that has created, funded, and operated
4 housing trust funds and to existing charitable nonprofit
5 organizations described in Section 501(c)(3) of the Internal
6 Revenue Code that have created, funded, and operated housing
7 trust funds. These funds shall be awarded through the issuance of
8 a Notice of Funding Availability (NOFA). Applicants that
9 provide matching funds from a source or sources other than
10 impact fees on residential development shall receive a priority
11 for funding.

12 (b) Housing trusts eligible for funding under this section shall
13 have the following characteristics:

14 (1) Utilization of a public or joint public and private fund
15 established by legislation, ordinance, resolution, or a
16 public-private partnership to receive specific revenue to address
17 local housing needs.

18 (2) Receipt of ongoing revenues from dedicated sources of
19 funding such as taxes, fees, loan repayments, or private
20 contributions.

21 (c) The minimum allocation to an applicant shall be one
22 million dollars (\$1,000,000), and no applicant may receive an
23 allocation in excess of two million dollars (\$2,000,000). All funds
24 provided pursuant to this section shall be matched on a
25 dollar-for-dollar basis with money that is not required by any
26 state or federal law to be spent on housing. No application shall
27 be considered unless the department has received adequate
28 documentation of the deposit in the local housing trust fund of
29 the local match and the identity of the source of matching funds.
30 Applicants shall be required to continue funding the local
31 housing trust fund from these identified local sources, and
32 continue the trust in operation, for a period of no less than five
33 years from the date of award. If the funding is not continued for
34 a five-year period, then (1) the amount of the department's grant
35 to the local housing trust fund, to the extent that the trust fund
36 has encumbered funds available, shall be immediately repaid,
37 and (2) any payments from the project funded by the local
38 housing trust fund that would have been paid to the local housing
39 trust fund shall be paid instead to the department and used for
40 the program or its successor. The total amount paid to the

1 department pursuant to (1) and (2), combined, shall not exceed
 2 the amount of the department’s grant.

3 (d) (1) Funds shall be used for the predevelopment costs,
 4 acquisition, construction, or rehabilitation of the following types
 5 of housing or projects:

6 (A) Rental housing projects or units within rental housing
 7 projects. The affordability of all assisted units shall be restricted
 8 for not less than 55 years.

9 (B) Emergency shelters, safe havens, and transitional housing,
 10 as these terms are defined in Section 50801.

11 (C) For sale housing projects or units within for sale housing
 12 projects.

13 (2) At least 30 percent of the total amount of the grant and the
 14 match shall be expended on projects, units, or shelters that are
 15 affordable to, and restricted for, extremely low income persons
 16 and families, as defined in Section 50106. No more than 20
 17 percent of the total amount of the grant and the match shall be
 18 expended on projects or units affordable to, and restricted for,
 19 moderate-income persons and families whose income does not
 20 exceed 120 percent of the area median income. The remaining
 21 funds shall be used for projects, units, or shelters that are
 22 affordable to, and restricted for, lower income persons and
 23 families, as defined in Section 50079.5.

24 (3) If funds are used for the acquisition, construction, or
 25 rehabilitation of for sale housing projects or units within for sale
 26 housing projects, the grantee shall record a deed restriction
 27 against the property that will ensure compliance with one of the
 28 following requirements upon resale of the for sale housing units:

29 (A) The purchaser shall occupy the unit and meet the relevant
 30 income qualifications for at least 30 years or shall make the unit
 31 available to households that meet the relevant income
 32 qualifications for at least 30 years.

33 (B) The owner and grantee shall share the equity in the unit
 34 pursuant to an equity sharing agreement. The grantee shall reuse
 35 the proceeds of the equity sharing agreement consistent with this
 36 section. To the extent not in conflict with another public funding
 37 source or law, all of the following shall apply to the
 38 equity-sharing agreement provided for by the deed restriction:

39 (i) Upon resale by an owner-occupant of the home, the
 40 owner-occupant of the home shall retain the market value of any

1 *improvements, the downpayment, and his or her proportionate*
2 *share of appreciation. The grantee shall recapture any initial*
3 *subsidy and its proportionate share of appreciation, which shall*
4 *then be used to make housing available to persons and families*
5 *of the same income category as the original grant and for any*
6 *type of housing or shelter specified in paragraph (1).*

7 *(ii) For purposes of this subdivision, the initial subsidy shall*
8 *be equal to the fair market value of the home at the time of initial*
9 *sale to the nonprofit organization minus the initial sale price to*
10 *the low-income owner-occupant, plus the amount of any*
11 *downpayment assistance or mortgage assistance. If upon resale*
12 *by the owner-occupant the market value is lower than the initial*
13 *market value, then the value at the time of the resale shall be*
14 *used as the initial market value.*

15 *(iii) For purposes of this subdivision, the grantee's*
16 *proportionate share of appreciation shall be equal to the ratio of*
17 *the initial subsidy to the fair market value of the home at the time*
18 *of the initial sale.*

19 *(e) Loan repayments shall accrue to the grantee housing trust*
20 *for use pursuant to this section. If the trust no longer exists, loan*
21 *repayments shall accrue to the department for use in the*
22 *program or its successor.*

23 *(f) In order for a city, county, or city and county to be eligible*
24 *for funding, the applicant shall have, at the time of application,*
25 *an adopted housing element that the department has determined,*
26 *pursuant to Section 65585 of the Government Code, is in*
27 *substantial compliance with the requirements of Article 10.6*
28 *(commencing with Section 65580) of Chapter 3 of Division 1 of*
29 *Title 7 of the Government Code. In order for a nonprofit*
30 *organization applicant to be eligible for funding, the applicant*
31 *shall agree to utilize funds provided under this chapter only for*
32 *projects located in cities, counties, or a city and county that*
33 *have, at the time of application, an adopted housing element that*
34 *the department has determined, pursuant to Section 65585 of the*
35 *Government Code, to be in substantial compliance with the*
36 *requirements of Article 10.6 (commencing with Section 65580) of*
37 *Chapter 3 of Division 1 of Title 7 of the Government Code.*

38 *(g) Recipients shall have held, or shall agree to hold, a public*
39 *hearing or hearings to discuss and describe the project or*
40 *projects that will be financed with funds provided pursuant to*

1 *this section. As a condition of receiving a grant pursuant to this*
 2 *section, any nonprofit organization shall agree that it will hold*
 3 *one public meeting a year to discuss the criteria that will be used*
 4 *to select projects to be funded. That meeting shall be open to the*
 5 *public, and public notice of this meeting shall be provided,*
 6 *except to the extent that any similar meeting of a city or county*
 7 *would be permitted to be held in closed session.*

8 *(h) No more than 5 percent of the funds appropriated to the*
 9 *department pursuant to subparagraph (C) of paragraph (1) of*
 10 *subdivision (a) of Section 53533 shall be used to pay the costs of*
 11 *administration of this section.*

12 *(i) A local housing trust fund shall encumber funds provided*
 13 *pursuant to this section no later than 36 months after receipt.*
 14 *Any funds not encumbered within that period shall revert to the*
 15 *department for use in the program or its successor.*

16 *(j) Recipients shall be required to file periodic reports with the*
 17 *department regarding the use of funds provided pursuant to this*
 18 *section. No later than December 31 of each year in which funds*
 19 *are awarded by the program, the department shall provide a*
 20 *report to the Legislature regarding the number of trust funds*
 21 *created, a description of the projects supported, the number of*
 22 *units assisted, and the amount of matching funds received.*

23 *SEC. 5. This act is an urgency statute necessary for the*
 24 *immediate preservation of the public peace, health, or safety*
 25 *within the meaning of Article IV of the Constitution and shall go*
 26 *into immediate effect. The facts constituting the necessity are:*

27 *In order that local housing trusts may continue to encumber*
 28 *funds provided pursuant to Section 50843 of the Health and*
 29 *Safety Code for an additional two years, it is necessary that this*
 30 *act take effect immediately.*

31 ~~SECTION 1. Section 50843 of the Health and Safety Code is~~
 32 ~~amended to read:~~

33 ~~50843. (a) The Legislature finds and declares all of the~~
 34 ~~following:~~

35 ~~(1) Local housing trusts are locally developed responses to~~
 36 ~~regional housing needs, and are responsive to local control.~~

37 ~~(2) Local housing trusts have an excellent record of~~
 38 ~~accomplishment of serving as efficient vehicles for disbursing~~
 39 ~~resources at the local level.~~

1 ~~(3) As of January 1, 2006, there were 21 city and nine county~~
2 ~~housing trusts throughout California producing thousands of~~
3 ~~units of affordable housing through the utilization of millions of~~
4 ~~dollars of locally generated funds, resulting in the leverage of~~
5 ~~millions more for the development of affordable housing.~~

6 ~~(4) Housing trusts are local sources of revenue for affordable~~
7 ~~housing and very often are a direct result of local constituencies~~
8 ~~coming together around affordable housing. These relationships~~
9 ~~are often long term and include a broad set of community players~~
10 ~~that go beyond the traditional supporter of affordable housing.~~

11 ~~(b) There is hereby established the Local Housing Trust Fund~~
12 ~~Matching Grant Program, to be administered by the department,~~
13 ~~for the purpose of supporting local housing trust funds dedicated~~
14 ~~to the creation or preservation of affordable housing as described~~
15 ~~in this section. Local housing trust funds shall be funded on an~~
16 ~~ongoing basis from private contributions or governmental~~
17 ~~sources that are not otherwise restricted in use for housing~~
18 ~~programs.~~

19 ~~(c) For the purposes of this program, the following provisions~~
20 ~~shall apply:~~

21 ~~(1) Subject to the availability of funding, the department shall~~
22 ~~make matching grants available to cities and counties, or a city~~
23 ~~and county, that have created, funded, and operated housing trust~~
24 ~~funds and to existing charitable nonprofit organizations described~~
25 ~~in Section 501(c)(3) of the Internal Revenue Code that have~~
26 ~~created, funded, and operated housing trust funds. These funds~~
27 ~~shall be awarded through the issuance of a Notice of Funding~~
28 ~~Availability (NOFA).~~

29 ~~(2) Housing trusts eligible for funding under this section shall~~
30 ~~have the following characteristics:~~

31 ~~(A) They utilize a public or joint public and private fund~~
32 ~~established by legislation, ordinance, resolution, or a~~
33 ~~public-private partnership to receive specific revenue to address~~
34 ~~local housing needs.~~

35 ~~(B) They receive ongoing revenues from dedicated sources of~~
36 ~~funding such as taxes, fees, loan repayments, or private~~
37 ~~contributions.~~

38 ~~(3) The minimum allocation under this subdivision to an~~
39 ~~applicant shall be one million dollars (\$1,000,000), and no~~
40 ~~applicant may receive an allocation in excess of two million~~

1 dollars (\$2,000,000). All funds provided pursuant to this section
 2 shall be matched on a dollar-for-dollar basis with money that is
 3 not required by any state or federal law to be spent on housing.
 4 No application shall be considered unless the department has
 5 received adequate documentation of the deposit in the local
 6 housing trust fund of the local match and the identity of the
 7 source of matching funds. Applicants shall be required to
 8 continue funding the local housing trust fund from these
 9 identified local sources, and continue the trust in operation, for a
 10 period of no less than five years from the date of award. If the
 11 funding is not continued for a five-year period, then (A) the
 12 amount of the department's grant to the local housing trust fund,
 13 to the extent that the trust fund has encumbered funds available,
 14 shall be immediately repaid, and (B) any payments from the
 15 project funded by the local housing trust fund that would have
 16 been paid to the local housing trust fund shall be paid instead to
 17 the department and used for the program or its successor. The
 18 total amount paid to the department pursuant to (A) and (B),
 19 combined, shall not exceed the amount of the department's grant.

20 (4) (A) Funds shall be used for the acquisition, construction,
 21 or rehabilitation of the following types of housing or projects:

22 (i) Rental housing projects or units within rental housing
 23 projects. The affordability of all assisted units shall be restricted
 24 for not less than 55 years.

25 (ii) Emergency shelters, safe havens, and transitional housing,
 26 as these terms are defined in Section 50801.

27 (iii) For sale housing projects or units within for sale housing
 28 projects.

29 (B) At least 30 percent of the total amount of the grant and the
 30 match shall be expended on projects, units, or shelters that are
 31 affordable to, and restricted for, extremely low income persons
 32 and families, as defined in Section 50106. No more than 20
 33 percent of the total amount of the grant and the match shall be
 34 expended on projects or units affordable to, and restricted for,
 35 moderate-income persons and families whose income does not
 36 exceed 120 percent of the area median income. The remaining
 37 funds shall be used for projects, units, or shelters that are
 38 affordable to, and restricted for, lower income persons and
 39 families, as defined in Section 50079.5.

1 ~~(5) Loan repayments shall accrue to the grantee housing trust~~
2 ~~for use pursuant to this section. If the trust no longer exists, loan~~
3 ~~repayments shall accrue to the department for use in the program~~
4 ~~or its successor.~~

5 ~~(6) In order for a city, county, or city and county to be eligible~~
6 ~~for funding, the applicant shall have, at the time of application,~~
7 ~~an adopted housing element that the department has determined,~~
8 ~~pursuant to Section 65585 of the Government Code, is in~~
9 ~~substantial compliance with the requirements of Article 10.6~~
10 ~~(commencing with Section 65580) of Chapter 3 of Division 1 of~~
11 ~~Title 7 of the Government Code. In order for a nonprofit~~
12 ~~organization applicant to be eligible for funding, the applicant~~
13 ~~shall agree to utilize funds provided under this chapter only for~~
14 ~~projects located in cities, counties, or a city and county that have,~~
15 ~~at the time of application, an adopted housing element that the~~
16 ~~department has determined, pursuant to Section 65585 of the~~
17 ~~Government Code, to be in substantial compliance with the~~
18 ~~requirements of Article 10.6 (commencing with Section 65580)~~
19 ~~of Chapter 3 of Division 1 of Title 7 of the Government Code.~~

20 ~~(7) Recipients shall have held, or shall agree to hold, a public~~
21 ~~hearing or hearings to discuss and describe the project or projects~~
22 ~~that will be financed with funds provided pursuant to this section.~~
23 ~~As a condition of receiving a grant pursuant to this section, any~~
24 ~~nonprofit organization shall agree that it will hold one public~~
25 ~~meeting a year to discuss the criteria that will be used to select~~
26 ~~projects to be funded. That meeting shall be open to the public,~~
27 ~~and public notice of this meeting shall be provided, except to the~~
28 ~~extent that any similar meeting of a city or county would be~~
29 ~~permitted to be held in closed session.~~

30 ~~(d) No more than 5 percent of the funds appropriated to the~~
31 ~~department pursuant to subparagraph (C) of paragraph (1) of~~
32 ~~subdivision (a) of Section 53533 shall be used to pay the costs of~~
33 ~~administration of this section.~~

34 ~~(e) A local housing trust fund shall encumber funds provided~~
35 ~~pursuant to this section no later than 36 months after receipt. Any~~
36 ~~funds not encumbered within that period shall revert to the~~
37 ~~department for use in the program or its successor.~~

38 ~~(f) Recipients shall be required to file periodic reports with the~~
39 ~~department regarding the use of funds provided pursuant to this~~
40 ~~section. No later than January 30 of the year following a year in~~

- 1 ~~which funds are awarded by the program, the department shall~~
- 2 ~~provide a report to the Legislature regarding the number of trust~~
- 3 ~~funds created, a description of the projects supported, the number~~
- 4 ~~of units assisted, and the amount of matching funds.~~

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