

An act to amend Sections 51341, 51349, and 51455 of, to amend and renumber Sections 51344 and 51345 of, to add Section 51511 to, and to repeal Sections 51342, 51347, and 51348 of, the Health and Safety Code relating to housing, and making an appropriation therefor.



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

SECTION 1. Section 51341 of the Health and Safety Code is amended to read:

51341. The Legislature finds and declares that:

(a) There is a continuing and urgent need to provide affordable mortgage financing to meet the increasingly unfulfilled housing needs of citizens of this state; ~~(b) there state.~~

(b) There is a need to develop financial mechanisms to make homes affordable to first-time homebuyers, (c) the low- and moderate-income buyers who intend to occupy the homes as their primary residences.

(c) The high cost of housing impedes the ability of California employers to compete in the national marketplace for employees, and (d), therefore, employees.

(d) Affordable housing enhances the quality of life for California residents and provides fuel for the state's economic engine.

(e) Housing is a critical component of the California economy, both as an income producing sector and a principal factor in economic development.

(f) California's housing crisis severely impacts families struggling to provide safe, stable homes for their children to grow and learn and the workers who are the backbone of many of the state's most important industries.

(g) The percentage of Californians able to purchase their own homes continues to decline.

(h) There is a need to streamline the agency's homeownership assistance programs to make them more efficient and effective.



(i) Therefore, this chapter is enacted to make existing tax-exempt and taxable bond financing for residential mortgages more affordable to California's first-time homebuyers; home purchases more affordable to low- and moderate-income Californians seeking the opportunity to own and occupy their own homes.

SEC. 2. Section 51342 of the Health and Safety Code is repealed.

~~51342. This chapter shall be known and may be cited as the Roberti-Greene Home Purchase Assistance Program.~~

SEC. 3. Section 51344 of the Health and Safety Code is amended and renumbered to read:

~~51344.~~

51342. (a) There is hereby created continued in the State Treasury a Home Purchase Assistance Fund. "Fund," as used in this chapter, means the Home Purchase Assistance Fund. Notwithstanding the provisions of Section 13340 of the Government Code, all moneys in the fund are continuously appropriated to the agency, without regard to fiscal years, for expenditure pursuant to this chapter and defraying actual administrative costs of the agency. Notwithstanding the provisions of Section 16305.7 of the Government Code, any interest earned or other increment derived from investments made from moneys in the fund shall be deposited in the fund.

(b) On and after July 1, 2016, all of the following shall apply:

(1) Any unobligated amounts remaining in any fund established for the purposes of Chapter 9 (commencing with Section 51450) or Chapter 11 (commencing with Section 51500), including, but not limited to, the California Homebuyer's Downpayment Assistance Program, the School Facility Fee Program, and the Extra Credit Teacher



Program, shall be transferred to the Home Purchase Assistance Fund for expenditure by the agency for the purposes of this chapter.

(2) The agency shall have no obligation to continue administering loan programs authorized by Chapter 9 (commencing with Section 51450) or Chapter 11 (commencing with Section 51500).

(3) Notwithstanding Section 16305.7 of the Government Code, any interest earned, or other increment derived, from investments made from moneys transferred to the fund pursuant to paragraph (1), and any loan receivables, repayments made, or other sums accruing to the agency pursuant to Chapter 9 (commencing with Section 51450) or Chapter 11 (commencing with Section 51500) shall be deposited into the fund for expenditure by the agency for the purposes of this chapter.

SEC. 4. Section 51345 of the Health and Safety Code is amended and renumbered to read:

51345:

51343. (a) The agency shall administer a home purchase assistance program in accordance with this chapter. The purpose of the home purchase assistance program is to assist ~~first-time low- and moderate-income~~ homebuyers to ~~utilize existing mortgage financing available pursuant to this part or Division 4 (commencing with Section 800) of the Military and Veterans Code with the additional financial resources made available pursuant to Part 8 (commencing with Section 53130).~~ qualify for the purchase of owner-occupied homes.



~~(b) Home purchase Homeownership assistance under this chapter shall include, but not be~~ may be provided for any purposes authorized under Section 51402, including, but not limited to: (1) an to, all of the following:

~~(1) An interest rate subsidy to reduce the interest rate, (2) a rate.~~

~~(2) A deferred-payment, low-interest, second-mortgage loan to reduce the principal and interest payments, and (3) subordinate mortgage loan, including downpayment assistance assistance, closing cost assistance, or both, to make financing affordable to first-time low- and moderate-income homebuyers.~~

~~(3) Buying down the cost of mortgage insurance.~~

~~(c) In no case shall the interest rate subsidy reduce the effective interest rate to the borrower below 3 percent per annum, nor shall the deferred-payment, low-interest, second mortgage loan exceed 49 percent of the total debt financing necessary to purchase the home.~~

~~(d)~~

~~(c) The amount of home purchase assistance shall be a second available only in conjunction with first mortgage loan secured by a deed of trust of second priority to the primary financing provided by the agency or the Department of Veterans Affairs.~~  
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~~(d) The term of the home purchase assistance shall not exceed the term of the primary loan.~~

~~(e) Assistance under this chapter is available only for owner-occupied residential structures.~~

~~(e)~~



(f) (1) The agency may, in its discretion, permit the lien of the downpayment assistance loan to be subordinated to refinancing if it determines that the one of the following applies:

(A) The borrower has demonstrated ~~hardship~~, hardship and subordination is required to avoid ~~foreclosure~~, and the foreclosure.

(B) The borrower has acquired subordinate financing to build an accessory dwelling on the property.

(C) The borrower has acquired subordinate financing to make the property compliant with the federal Americans with Disabilities Act of 1990 (Public Law 101-336), facilitate rehabilitation needed to allow the owner to age in place, or both.

(D) The new loan meets the agency's underwriting requirements. The

(2) The agency may permit subordination on those terms and conditions as it determines are reasonable, but subordination is not permitted if the borrower has sufficient equity to repay the loan. reasonable.

(2)

(3) The amount of home purchase assistance shall not be due and payable upon the sale of the home if the first mortgage loan is insured by the Federal Housing Administration (FHA) or if the first mortgage loan is, or has been, transferred to the FHA, or if the requirement is otherwise contrary to the regulations of the United States Department of Housing and Urban Development governing FHA insured first mortgage loans.

(f)



(g) All repayments shall be deposited in the fund. fund for ongoing use in this downpayment assistance program.

SEC. 5. Section 51347 of the Health and Safety Code is repealed.

~~51347. The agency may provide mortgage insurance for the home purchase assistance provided pursuant to this chapter and may use not more than 15 percent of the moneys provided for purposes of this chapter for mortgage insurance.~~

SEC. 6. Section 51348 of the Health and Safety Code is repealed.

~~51348. It is the intent of the Legislature that no more than 50 percent of the home purchase assistance provided under this chapter shall be for the purchase of homes that have not been previously occupied.~~

SEC. 7. Section 51349 of the Health and Safety Code is amended to read:

51349. (a) The agency shall have all the powers conferred upon it by this part and Part 4 (commencing with Section 51600) in administering this chapter.

(b) The authority provided by this section shall be conferred upon the Department of Veterans Affairs by any contract executed pursuant to Section 51346, with respect to the assistance being provided pursuant to the contract.

(c) Notwithstanding any other law, the agency, pursuant to the objectives specified in Section 50952, may, with its own funds or from funds derived from other sources, create its own home purchase assistance programs, home purchase assistance products, or both, on such terms and conditions as the agency deems prudent. Nothing in this chapter shall be deemed to prohibit the agency from exercising its discretion pursuant to this subdivision.

SEC. 8. Section 51455 of the Health and Safety Code is amended to read:



51455. (a) Except as provided in subdivision (b), Sections 51450, 51451, 51452, and 51454 shall not be operative on and after January 1, 2002.

(b) Except as provided in Section 51453 and 51453.5, until July 1, 2016, the School Facilities Fee Assistance Fund established by Section 51452 and the programmatic authority necessary to operate the programs authorized by Section 51451 shall continue on and after January 1, 2002, only with respect to any repayment obligation pertaining to that assistance or to any regulatory agreement imposed as a condition of that assistance.

(c) Sections 51451.5, 51453, and 51453.5 shall not be operative on and after July 1, 2016.

(d) On and after July 1, 2016, any unobligated amounts remaining in the School Facilities Fee Assistance Fund, including the repayment of disbursed moneys, or any interest earned from the investment of those moneys or any other moneys accruing to the fund from any source, shall be transferred to the Home Purchase Assistance Fund and are continuously appropriated to the agency for the purposes described in Section 51342.

SEC. 9. Section 51511 is added to the Health and Safety Code, to read:

51511. (a) This chapter, except for this section, shall not be operative on and after July 1, 2016.

(b) On and after July 1, 2016, any unobligated amounts remaining in any fund established for the purposes of this chapter, including the repayment of disbursed moneys, or any interest earned from the investment of those moneys or any other moneys accruing to the fund from any source, shall be transferred to the Home Purchase



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Assistance Fund and are continuously appropriated to the agency for the purposes described in Section 51342.

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## LEGISLATIVE COUNSEL'S DIGEST

Bill No.

as introduced, \_\_\_\_\_.

General Subject: California Housing Finance Agency: housing assistance programs.

Existing law establishes within the Department of Housing and Community Development the California Housing Finance Agency and provides that the primary purpose of the agency is to meet the housing needs of persons and families of low or moderate income. Existing law requires the California Housing Finance Agency to administer various housing finance assistance programs, including, among others, the California Homebuyer's Downpayment Assistance Program and the Homebuyer Down Payment Assistance Program of 2002.

This bill would discontinue those and other specified programs on and after July 1, 2016.

Existing law also requires the agency to administer the Roberti-Greene Home Purchase Assistance Program, which provides first-time homebuyers with home purchase assistance in the form of interest rate subsidies and downpayment assistance,



among others. Existing law establishes the Home Purchase Assistance Fund in the State Treasury and continuously appropriates the fund to the agency for expenditure pursuant to the program and defraying actual administrative costs of the agency.

This bill, among other things, would modify the program to instead provide home purchase assistance to low- and moderate-income homebuyers to qualify for the purchase of owner-occupied homes and would revise the terms under which that assistance is provided. The bill would authorize the agency, pursuant to specified objectives, to create its own home purchase assistance programs, home purchase assistance products, or both, on such terms and conditions as the agency deems prudent. On and after July 1, 2016, the bill would transfer any obligated amounts from the funds for the programs discontinued by the bill, and any loan receivables, interest, or other amounts accruing to the agency pursuant to those programs, to the Home Purchase Assistance Fund. By expanding the authorized uses of continuously appropriated funds, this bill would make an appropriation.

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

