

ASSEMBLY BILL

No. 2053

Introduced by Assembly Members Lee and Carrillo
(Coauthor: Senator Wiener)

February 14, 2022

An act to add Title 6.9 (commencing with Section 64660) to the Government Code, relating to housing.

LEGISLATIVE COUNSEL'S DIGEST

AB 2053, as introduced, Lee. The Social Housing Act.

Existing law establishes the Department of Housing and Community Development and sets forth its powers and duties. Existing law creates a housing authority in each county or city, which functions upon the adoption of a specified resolution by the relevant governing body. Existing law authorizes these housing authorities, within their jurisdictions, to construct, reconstruct, improve, alter, or repair all or part of any housing project. Existing law establishes various programs that provide housing assistance.

This bill would enact the Social Housing Act and would create the California Housing Authority, as an independent state body, the mission of which would be to produce and acquire social housing developments for the purpose of eliminating the gap between housing production and regional housing needs assessment targets, as specified. The bill would prescribe a definition of social housing that would describe, in addition to housing owned by the authority, housing owned by other entities, as specified, provided that all social housing developed by the authority would be owned by the authority. The bill would prescribe the composition of the California Housing Authority Board, which would govern the authority, and would be composed of appointed members

and members who are elected by residents of social housing developments, as specified. The bill would prescribe the powers and duties of the authority and the board. The bill would provide that the authority is bound to revenue neutrality, as defined, and would require the authority to recover the cost of development and operations over the life of its properties through the mechanism of rent cross-subsidization, as defined. The bill would require the authority to prioritize the development of specified property, including vacant parcels and parcels near transit, and would prescribe a process for the annual determination of required social housing units. Under the bill, social housing would accommodate a mix of household income ranges and would provide specified protections for residents, who would participate in the operation and management of the units in which they reside.

This bill would require the California Housing Authority to employ 2 leasing models in social housing developments, to be referred to as the rental model and the ownership model, and would prescribe the characteristics of both models. Under the ownership model, the authority would extend a 99-year lease, in the form of a limited equity arrangement, as defined, to individuals who commit to a minimum 5-year term of residence, and would authorize the authority to act as a lender to residents who lease under the ownership model, for the purpose of creating leasehold mortgages. The bill would prescribe how the amounts of rents and payments on leasehold mortgages are to be set in relation to household income, and with reference to property subject to the ownership model, how they may be sold and transferred. The bill would establish eligibility requirements for social housing residents and provide for the selection of residents by lottery, providing that people who may have been displaced from a property as part of its development would be granted a preference for occupancy.

This bill, among other things, would require the authority to accept a local jurisdiction's preference for a project parcel if specified conditions are met. The bill would prescribe requirements for the participation of labor in the production, rehabilitation, and maintenance of housing, including requiring the authority to enter into community workforce agreements, to obtain an enforceable commitment from an entity undertaking work for the authority, as specified, that the entity, and its contractors and subcontractors employ a skilled and trained workforce, and to comply with specified requirements for the payment of prevailing wages. The bill would state the intent of the Legislature to enact legislation to provide financing for the activities of the authority

through the issuance of general obligations bonds. The bill would authorize the authority to issue revenue bonds, as specified. The bill would require the board to provide for regular audits of the authority's accounts and records, as specified.

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

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

1 SECTION 1. The Legislature finds and declares all of the
2 following:

3 (a) The housing crisis has reached unprecedented and
4 unacceptable proportions in the State of California, where more
5 than two in five households spend greater than 30 percent of their
6 income on housing and more than one in five households spend
7 greater than 50 percent of their income on housing.

8 (b) The United States Department of Housing and Urban
9 Development defines cost-burdened families as those who pay
10 more than 30 percent of their income for housing and may have
11 difficulty affording necessities such as food, clothing,
12 transportation, and medical care. Severe rent burden is defined as
13 paying more than 50 percent of one's income on rent.

14 (c) Housing burden creates severe financial, physical, and
15 emotional impacts on households.

16 (d) The affordable housing crisis has imposed a significant toll
17 on the California economy, as overpriced rents depress the
18 California gross domestic product by approximately 2 percent and
19 more than 600,000 people leave the state annually in search of
20 lower rent.

21 (e) Current efforts, while laudable, have proven insufficient in
22 resolving the state's affordable housing crisis, since 97 percent of
23 cities and counties have been unable to meet the regional housing
24 needs assessment targets for very low income, low-income, and
25 moderate-income housing.

26 (f) With such a great failure to meet the housing needs of
27 California residents, the state has a duty to act and help localities
28 fill the gap, by financing publicly owned, affordable housing built
29 sustainably with union labor, based on the widely successful
30 Vienna model and many other successful models of mixed income
31 rental and ownership housing.

1 (g) It is the intent of the Legislature to establish the California
2 Housing Authority, an independent public entity, to offer the
3 necessary social housing to eliminate the gaps between housing
4 production and acquisition and regional housing needs assessment
5 targets in all jurisdictions throughout the state.

6 (h) It is the intent of the Legislature in enacting this title to set
7 an ambitious goal for creating social housing, through both new
8 production and preservation of existing units, and to establish the
9 means for achieving that goal.

10 (i) It is further the intent of the Legislature for the California
11 Housing Authority to ensure no Californian pays more than 30
12 percent of their income on housing by the year 2050.

13 SEC. 2. Title 6.9 (commencing with Section 64660) is added
14 to the Government Code, to read:

15
16 TITLE 6.9. THE SOCIAL HOUSING ACT

17
18 PART 1. GENERAL PROVISIONS

19
20 CHAPTER 1. TITLE

21
22 64660. This title shall be known, and may be cited, as the Social
23 Housing Act.

24
25 CHAPTER 2. DEFINITIONS

26
27 64662. Unless the context demands otherwise, the definitions
28 provided by this chapter shall apply to this title.

29 64664. “California Housing Authority,” “CHA,” or “authority”
30 means the independent state entity created under this title for the
31 purpose of developing social housing for all California residents.

32 64666. “Social housing” means housing with the following
33 characteristics:

34 (a) (1) The housing units are owned by the California Housing
35 Authority, a public entity, a local housing authority, or a
36 mission-driven not-for-profit private entity.

37 (2) For the purposes of this act, all social housing developed by
38 the authority shall be owned by the authority.

39 (b) If a housing unit is in a social housing development, the
40 development contains housing units that accommodate a mix of

1 household income ranges, including extremely low income, very
2 low income, low income, moderate income, and above-moderate
3 income.

4 (c) Units that are owned and managed by a mission-driven
5 not-for-profit private entity shall have units that are permanently
6 restricted by deed to be affordable.

7 (d) Residents of housing units are afforded, at a minimum, all
8 protections granted to tenants with tenancies in private property,
9 including protection against termination without just cause or for
10 any discriminatory, retaliatory, or other arbitrary reason, and shall
11 be afforded due process prior to being subject to eviction
12 procedures, in addition to other protections provided by this title.

13 (e) The housing units shall be protected for the duration of their
14 useful life from being sold or transferred to a private for-profit
15 entity or a public-private partnership.

16 (f) Residents of the housing units have the right to participate
17 directly and meaningfully in decisionmaking affecting the operation
18 and management of their housing units.

19 64668. “Skilled and trained workforce” has the meaning
20 provided in Section 2601 of the Public Contract Code.

21 64670. “Prevailing wage rates” means the general prevailing
22 rate of per diem wages for the craft, classification or type of work
23 within the locality and in the nearest labor market area, as
24 determined by the Director of Industrial Relations pursuant to
25 Sections 1773 and 1773.9 of the Labor Code, and the applicable
26 prevailing apprentice wage rate.

27 64671. “Community workforce agreement” means a project
28 labor agreement as described in Section 2500 of the Public Contract
29 Code that includes provisions to provide opportunities for local
30 and disadvantaged workers and contractors.

31 64672. “Revenue neutrality” means a system in which all
32 monetary expenditures that result from the development and
33 operation of social housing owned by the authority are returned
34 to the authority through rents, payments on leasehold mortgages,
35 or other subsidies received from sources other than the state.

36 64674. “Rent and mortgage cross-subsidization” means a
37 system in which the below-cost rents and leasehold mortgages of
38 certain units are balanced by above-cost payments on other units
39 within the same multiunit property so as to ensure the property’s
40 overall revenue meets development and operational costs.

1 64676. “Limited equity arrangement” means an ownership
2 model in which residents are extended a long-term lease of a unit,
3 take out a subsidized leasehold mortgage on the property from the
4 authority, make monthly mortgage payments, and commit to resell
5 at a price determined by a formula designed to balance ongoing
6 affordability and resident wealth generation.

7 64678. “Regional housing needs assessment” or “RHNA”
8 means a representation of housing needs for all income levels in
9 a jurisdiction pursuant to Article 10.6 (commencing with Section
10 65580) of Chapter 3 of Division 1 of Title 7.

11 64680. “Area median income” means the median family income
12 in a metropolitan or nonmetropolitan area, as determined by the
13 Department of Housing and Community Development.

14 64682. “Extremely low income” means income for households
15 at or below the poverty guideline or not more than 30 percent of
16 the area median income, whichever is higher.

17 64684. “Very low income” means income for households that
18 is at least 31 percent but not more than 50 percent of area median
19 income.

20 64685. “Low income” means income for households that is at
21 least 51 percent but not more than 80 percent of area median
22 income.

23 64686. “Moderate income” means income for households that
24 is at least 81 percent but not more than 120 percent of area median
25 income.

26 64688. “Above-moderate income” means income for
27 households that is more than 120 percent of area median income.

28 64690. “Underutilized parcel” means a parcel of property upon
29 which is built a structure that contains fewer units than the
30 maximum number of units permissible under local zoning
31 regulations.

32 64692. “Multifamily property” means a revenue-neutral
33 collection of units featuring extremely low income, very low
34 income, low-income, moderate-income, and above-moderate units.
35 A multifamily property may be a single building, multiple buildings
36 on the same or adjacent parcels, or multiple buildings across several
37 blocks within a single jurisdiction, or as may be defined by the
38 authority.

39 64694. “Board” means the California Housing Authority Board.

1 PART 2. CALIFORNIA HOUSING AUTHORITY

2
3 CHAPTER 1. CREATION, POWERS, AND DUTIES

4
5 Article 1. Creation

6
7 64700. (a) The California Housing Authority is hereby created.
8 The authority shall be governed by the California Housing
9 Authority Board.

10 (b) The core mission of the authority shall be to produce and
11 acquire social housing developments for the purpose of eliminating
12 the gap between housing production and regional housing needs
13 assessment targets and to preserve affordable housing.

14
15 Article 2. Powers

16
17 64702. The authority shall have the following general powers:

18 (a) Sue and be sued.

19 (b) Have a seal and alter the same at its pleasure.

20 (c) Make and execute contracts and all other instruments
21 necessary or convenient for the exercise of its powers and functions
22 to perform its mission.

23 (d) Make rules with respect to its projects, operations, properties,
24 and facilities.

25 (e) Through its executive officer, appoint officers, agents, and
26 employees; prescribe their duties and qualifications; set their
27 employment descriptions and salaries subject to civil service rules;
28 provide for participation in health care and retirement benefits
29 available to similar state employees; and delegate to one or more
30 of its agents or employees the powers and duties it deems proper.

31 (f) Acquire, reacquire, or contract to acquire or reacquire by
32 grant or purchase real, personal, or mixed property or any interest
33 therein and own, hold, clear, improve, rehabilitate, sell, assign,
34 exchange, transfer, convey, lease, or otherwise dispose of or
35 encumber the same.

36 (g) Acquire or dispose of real, personal, or mixed property.

37 (h) By itself, or in partnership with qualified persons, acquire,
38 reacquire, construct, reconstruct, rehabilitate, improve, alter, or
39 repair or provide for the construction, reconstruction, improvement,
40 alteration, or repair of any project; own, hold, sell, assign, transfer,

1 convey, exchange, lease, or otherwise dispose of or encumber any
2 project.

3 (i) Arrange or contract for the planning, replanning, opening,
4 grading, or closing of streets, roads, roadways, alleys, or other
5 places, or for the furnishing of facilities or for the acquisition of
6 property or property rights, or for the furnishing of property or
7 services in connection with a project.

8 (j) Grant options to purchase any project or to renew any lease
9 entered into by it in connection with any of its projects, on terms
10 and conditions as it deems advisable.

11 (k) Prepare or cause to be prepared project plans, specifications,
12 designs, and estimates of costs for the construction, reconstruction,
13 rehabilitation, improvement, alteration, or repair of any project,
14 and from time to time modify the plans, specifications, designs,
15 or estimates.

16 (l) Enter into community workforce and project labor
17 agreements.

18 (m) Provide advisory, consultative, training, and educational
19 services, technical assistance, and advice to any person, partnership,
20 or corporation, either public or private, to carry out its mission,
21 and engage the services of consultants on a contractual basis for
22 rendering professional and technical assistance and advice.

23 (n) Contract for and accept funding in any form from any public
24 or private agency or from any other source.

25 (o) Employ technical experts and officers, agents, and
26 employees, permanent or temporary, as required.

27 (p) Call upon the Attorney General for legal services as it may
28 require.

29

30

Article 3. Duties

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32 64704. (a) The authority shall implement and operate the social
33 housing program, as prescribed by Chapter 3 (commencing with
34 Section 64724), and is hereby granted all powers necessary for
35 this purpose.

36 (b) The authority may contract with property managers to
37 manage its properties according to the following requirements:

38 (1) Property managers shall meet standards on responsiveness
39 to resident needs prescribed by the authority.

1 (2) Property managers shall meet rules regarding resident rights
2 and protections or be subject to termination of employment.

3 64706. (a) The authority shall prepare, publish, adopt, and
4 submit to the Governor and the Legislature an annual business
5 plan. At least 60 days prior to the publication of the plan, the
6 authority shall publish a draft business plan for public review and
7 comment. The draft plan shall also be submitted to the Governor
8 and the Legislature.

9 (b) The business plan shall include, but need not be limited to,
10 all of the following elements:

11 (1) A description of the type of projects the authority is
12 producing or acquiring and the proposed timeline, estimated costs,
13 and funding sources.

14 (2) A projection of the expected residents, income levels, and
15 other demographic data.

16 (3) An estimate and description of the anticipated funds the
17 authority intends to leverage to fund the construction and operation
18 activities, and the authority's level of confidence for obtaining
19 each type of funding.

20 (4) Any written agreements with public or private entities, such
21 as technical assistance agreements.

22 (c) On or before December 31 of each year, the authority shall
23 provide an annual update to the Legislature on its progress, which
24 shall include relevant resident statistics once social housing
25 developments owned by the authority are occupied.

26 (d) The business report and the annual update that this section
27 requires the authority to provide to the Legislature shall be
28 submitted in compliance with Section 9795.

29
30 CHAPTER 2. CALIFORNIA HOUSING AUTHORITY GOVERNANCE

31
32 Article 1. Formation and Structure of Governing Board

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34 64708. (a) The board shall be composed of the following:

35 (1) An expert in housing development and finance.

36 (2) An expert in housing construction.

37 (3) An expert in property maintenance.

38 (4) An appointee of the Speaker of the Assembly.

39 (5) An appointee of the Senate Committee on Rules.

40 (6) An appointee of the Governor.

1 (7) Three representatives of the residents, to be appointed
2 initially as described in subdivision (c).

3 (b) All appointees shall serve at the pleasure of their respective
4 appointing authorities. The Governor shall appoint the experts in
5 housing development and finance, housing construction, and
6 property management, whose appointments shall be subject to
7 confirmation by Senate approval by majority vote.

8 (c) Prior to the occupancy of the first social housing unit
9 developments owned by the authority, the resident representatives
10 shall be appointed by the Speaker of the Assembly, the Senate
11 Committee on Rules, and the Governor, respectively. The Speaker
12 of the Assembly, the Senate Committee on Rules, and the Governor
13 shall consult with advocates for tenants’ rights in the course of
14 making their respective selections.

15 (d) Following the occupancy of the first social housing unit
16 developments owned by the authority, resident representatives
17 shall be elected according to the following procedure:

18 (1) Any resident may nominate another resident to sit on the
19 board, who shall be elected by a vote of all social housing residents
20 who reside in units owned by the authority.

21 (2) Each resident may vote for up to three nominees to sit on
22 the board. The three nominees who receive the most votes shall
23 have the right to sit on the board for terms of one year.

24 (3) Resident elections for board seats shall take place annually
25 and the elections shall be coordinated by the board and its executive
26 officer.

27 64710. All board decisions shall be approved by majority vote.

28 64712. The board shall select a board chair, who may hold
29 special powers as determined by members of the board.

30 64714. The board is a state body for purposes of the
31 Bagley-Keene Open Meeting Act (Article 9 (commencing with
32 Section 11120) of Chapter 1 of Part 1 of Division 3 of Title 2).

33

34 Article 2. Board Powers and Duties

35

36 64716. The duties of the board include, but are not limited to,
37 the following:

38 (a) Establish a strategy to achieve the core goal of elimination
39 of the gap between housing production and acquisition and regional
40 housing needs assessment targets.

- 1 (b) Set objectives and performance targets designed to achieve
2 the strategy required by subdivision (a).
- 3 (c) Monitor and assess the degree of the authority’s success in
4 achieving its objectives and performance targets.
- 5 (d) Exercise exclusive hiring and firing power over an executive
6 officer.
- 7 (e) Establish and monitor performance measures for the
8 executive officer and an associated succession plan.
- 9 (f) Approve the annual budget prepared by the executive officer.
- 10 (g) Foster a culture and set of values consistent with the
11 short-term, medium-term, and long-term goals of the authority.
- 12 (h) Integrate risk management into the authority’s strategic
13 planning process.
- 14 (i) Notify the Governor and the Legislature of unanticipated
15 and sizable risks facing CHA in meeting its objectives.
- 16 (j) Adopt and amend regulations, which shall include election
17 procedures for resident board positions.
- 18 (k) Following an initial trial period, create and make public an
19 annual business plan as described in Section 64706.
- 20 (l) Hold biannual meetings with resident governance councils.
21 64718. The executive officer of the board shall have the
22 following powers and duties:
- 23 (a) Manage the day-to-day operations of the authority in
24 accordance with the strategy, delegations, business plans, and
25 policies of the board and this title.
- 26 (b) Employ and manage staff, including establishing, promoting,
27 and maintaining a positive organizational culture that effectively
28 aligns with the values and employment principles of the authority.
- 29 (c) Transform the strategic plans of the board into action.
- 30 (d) Ensure the effectiveness of the authority’s operational
31 systems, including financial management, human resource
32 management, information systems management, risk management,
33 communications, marketing, fund raising, asset management, and
34 reporting.
- 35 (e) Ensure the board is kept informed of changes to gubernatorial
36 directives, relevant legislation and changes in law, and other critical
37 information relating to the board’s functions and powers.
- 38 (f) Ensure compliance with applicable law and governmental
39 policies.

- 1 (g) Maintain effective communication and cooperation with
- 2 external stakeholders in collaboration with the chair of the board.
- 3 (h) Provide advice and information to the board on any material
- 4 issues concerning strategy, finance, reporting obligations, or other
- 5 important matters that arise.
- 6 (i) Prepare the annual business plan, including organizational
- 7 performance targets, for board approval.
- 8 (j) Interact with and, where appropriate, report to the Governor
- 9 and the Legislature.
- 10 (k) Additional responsibilities as determined by the board.

11

Article 3. Resident Governance Councils

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14 64720. Each multifamily social housing development owned

15 by the authority shall form a governance council, which shall

16 include residents in both rental and ownership model properties.

17 The governance council shall be made up of no more than 10

18 percent of the overall population of the multifamily development.

19 The authority shall establish appropriate size limitations for

20 governance councils based on the size of the developments that

21 they represent.

22 64722. An authority multifamily social housing development

23 governance council shall have the following powers and

24 responsibilities:

- 25 (a) Host regular meetings to gather feedback and perspective
- 26 of residents.
- 27 (b) Provide the resident perspective to property management.
- 28 (c) Represent the interests of the development in biannual
- 29 meetings with the board.
- 30 (d) Determine how to spend the development’s allotted annual
- 31 budget for common room amenities and social events.
- 32 (e) Participate in the approval of renovation projects.
- 33 (f) Other responsibilities as determined by the board.

34 64723. A multifamily social housing development governance

35 council and the board may consult with a mission-driven nonprofit

36 corporation or community land trust with appropriate experience

37 for the purpose of establishing managerial policies and practices

38 that align with the requirements of affordable housing and the need

39 to provide suitable tenant protections.

1 CHAPTER 3. SOCIAL HOUSING PROGRAM

2
3 Article 1. Program Design

4
5 64724. (a) In all its operations, the authority is bound to
6 revenue neutrality. The authority shall recuperate the cost of
7 development and operations over the life of its properties through
8 the mechanism of rent cross-subsidization.

9 (b) The authority shall prioritize development of property with
10 the following characteristics:

- 11 (1) Vacant parcels.
- 12 (2) Underutilized parcels or redevelopment of underutilized
- 13 parcels without affordability covenants or rent-controlled units.
- 14 (3) Surplus public properties.
- 15 (4) Parcels near transit.

16 (c) (1) If the development of a property requires the
17 rehabilitation or demolition of covenanted affordable units, the
18 new development shall include a greater number of affordable
19 units by income group than the previous property.

20 (2) Each multiunit property shall include a variety of mixed
21 income units according to area median income levels.

22 (d) If the development of a property requires the removal of
23 residents from the property, the authority shall cover the temporary
24 relocation costs of these residents, including, but not limited to,
25 the following:

- 26 (1) Costs of searching for a new residence.
- 27 (2) Moving costs.
- 28 (3) Any differences between the resident's previous rent at the
- 29 property and their rent during the authority development period.

30 (e) Residents who are displaced during the authority's
31 development of the property shall have the right to live in the new
32 social housing property for their previous rent or for 30 percent of
33 household income, whichever is lower.

34 (f) If a displaced resident chooses not to occupy the new social
35 housing development, the authority is not obligated to pay the
36 difference between new and old rents, as described in subdivision
37 (d), after the displaced resident could otherwise have begun
38 occupying the property.

1 64726. The authority shall make an annual determination of
2 the required amount of social housing units to be produced in the
3 following manner:

4 (a) Annual regional housing needs assessment targets shall be
5 calculated as the total RHNA cycle targets for each jurisdiction
6 divided by the length of the RHNA cycle. The authority shall
7 update its calculations each year based on housing construction
8 data submitted by jurisdictions to the Department of Housing and
9 Community Development, which the department shall provide to
10 the authority upon request.

11 (b) On or before January 1, 2027, and each year thereafter, the
12 authority shall determine the gap between the previous year's
13 regional housing needs assessment targets for very low income,
14 low-income, moderate-income, and above-moderate income
15 housing, as determined by the Department of Housing and
16 Community Development and local councils of government, and
17 actual housing construction, as determined by official local
18 statistics.

19 (c) The authority shall split the very low income RHNA
20 allocation into extremely low income and very low income
21 allocations based on the latest available census or official survey
22 data for the relevant jurisdiction.

23 (d) Within a given year, the authority is authorized at least to
24 construct the required number of units to meet the gap between
25 the previous year's very low income, low-income,
26 moderate-income, and above-moderate income housing unit
27 construction and regional housing needs assessment targets.

28 64728. (a) In creating social housing, the authority shall
29 employ two different leasing models, the rental model and the
30 ownership model, consistent with the requirements of this title.

31 (b) In the rental model, the authority shall extend a one-year
32 lease for a social housing unit to eligible individuals who commit
33 to a minimum of one year of residence, barring extraordinary
34 circumstances.

35 (c) In the ownership model, the authority shall extend a 99-year
36 lease to individuals who commit to a minimum of five years of
37 residence in the social housing unit. This lease shall be in the form
38 of a limited equity arrangement. Following the five-year term, a
39 resident operating pursuant to the ownership model may sell their

1 interest in the social housing unit subject to the following
2 conditions:

3 (1) The authority shall have the right of first refusal to purchase
4 the unit.

5 (2) If the authority does not exercise its right to purchase the
6 unit, the unit may be sold by the owner to an eligible buyer subject
7 to requirements established by the authority, provided that these
8 requirements shall allow the resident to have a reasonable return
9 on investment.

10 (d) Under the ownership model, upon the death of the owner of
11 the social housing unit, the unit may be transferred to the
12 deceased's heir by devise or as any other real property may pass.
13 If a transferee is not eligible to be a resident, the transferee shall
14 sell the unit to the authority.

15 (e) The rents or the rates on a leasehold mortgage in a
16 multifamily property shall be set according to the following
17 requirements:

18 (1) A resident shall not pay more than 30 percent of the
19 resident's income for housing.

20 (2) Rent adjustments shall be applied annually in a manner that
21 does not discourage the residents' pursuit of higher income.

22 (3) Subject to the directive of paragraph (2), if a resident's
23 income changes, upon the next vacancy, the property manager
24 shall rent to an appropriate income group to abide by revenue
25 neutrality and meet other requirements.

26 (f) Under the ownership model, the following conditions shall
27 apply:

28 (1) The authority shall operate as a lender for residents who
29 lease under the ownership model. Residents shall pay a 15-percent
30 down payment. The purchase price of the property for a leasehold
31 mortgage shall be set so that a monthly payment does not exceed
32 30 percent of household income.

33 (2) Properties shall be sold at the price for which the owner
34 purchased the property, plus documented capital improvements,
35 and adjusted for inflation.

36 (g) Residents may be evicted for either of the following reasons:

37 (1) Failure to meet social housing community standards, as
38 determined by the authority or governance council.

39 (2) Failure to pay rent for more than one month.

40 (h) Residents shall enjoy the following protections:

- 1 (1) Property managers shall provide a 48-hour notice before
- 2 entering the resident’s unit.
- 3 (2) Termination for nonpayment of rent requires a 14-day notice
- 4 prior to eviction.
- 5 (3) Residents may recover abandoned properties within 60 days
- 6 of receiving an eviction notice.
- 7 64730. Applicants to be residents and continuing residents
- 8 shall meet the following eligibility requirements, as may be
- 9 applicable to them:
- 10 (a) Except in the case of above-moderate income units, social
- 11 housing units shall be the resident’s sole residence.
- 12 (b) A potential resident shall prove that they have been living
- 13 or working in California at the time of their application. The
- 14 authority shall promulgate rules and criteria to determine the
- 15 necessary residency or work qualifications solely for eligibility
- 16 purposes, and these shall include sufficient qualifying criteria that
- 17 do not discriminate against applicants based on their belonging to
- 18 any protected class.
- 19 (c) Upon approval by the authority, or the applicable governance
- 20 council if authorized by the authority, residents whose units are
- 21 part of the ownership model may sublease their units. The authority
- 22 shall prescribe the conditions pursuant to which a governance
- 23 council may regulate subleasing.
- 24 (d) Residents under the rental model shall commit to one year
- 25 of residence in the rental unit, after which a month-to-month
- 26 tenancy may take effect. Residents under the ownership model
- 27 shall commit to at least five years of residence in their unit.
- 28 (e) Under certain circumstances, a resident shall be allowed to
- 29 interrupt residence requirements without penalty, including:
- 30 (1) Job relocation.
- 31 (2) Change in the household structure.
- 32 (3) Serious physical or mental illness.
- 33 (4) A mutually agreed-upon unit swap with another social
- 34 housing resident within the same property pursuant to authority
- 35 requirements.
- 36 (5) Other circumstances authorized by the authority or the
- 37 governance council, to the extent authorized by the authority.
- 38 (f) If a resident interrupting a residence does not satisfy the
- 39 requirements for an exception, the resident may be subject to one
- 40 of the following penalties:

1 (1) Obligation to pay rent or make payments on a leasehold
2 mortgage until a new resident is located.

3 (2) In the case of a resident leasing under the ownership model,
4 forfeiture of proceeds from resale of the property.

5 (3) Ineligibility to reside in authority units for a period of five
6 years.

7 (g) Except in cases that evidence a clear and manifest danger
8 to the development or its residents, as may be determined by the
9 authority, a prior criminal record shall not in any way preclude a
10 person from residing in social housing.

11 64732. (a) Subject to the requirements of subdivision (b), the
12 authority shall use a lottery to select residents to be offered social
13 housing residents from all qualifying applicants.

14 (b) If residents of a property who were displaced during the
15 authority's development of the property as social housing have
16 elected to lease a unit in the social housing, they shall be
17 accommodated prior to offering units to others pursuant to
18 subdivision (a).

19

20

Article 2. Production of Housing

21

22 64734. (a) The authority is authorized to conduct ground-up
23 construction and rehabilitation of existing structures.

24 (b) The authority is authorized to dedicate building space to
25 commercial use and may lease the space to qualifying small
26 businesses and nonprofit corporations, pursuant to requirements
27 established by the authority.

28 (c) When appropriate, the state shall gift public lands to the
29 authority for social housing development purposes.

30 (d) In the absence of suitable state-owned parcels, the authority
31 is authorized to purchase municipal, county, other local jurisdiction,
32 and private lands.

33 64735. (a) The authority shall accept a local jurisdiction's
34 preference for a project parcel if all of the following conditions
35 are met:

36 (1) The parcel allows the authority to meet the jurisdiction's
37 regional housing needs assessments goals.

38 (2) The parcel does not exceed the cost of all suitable alternative
39 sites by more than 2 percent.

1 (3) The parcel offers comparable community amenities to all
2 suitable alternatives.

3 (b) The authority shall seek input from the local jurisdiction’s
4 city council, board of supervisors, or planning agency, as
5 applicable, on the following dimensions of an authority
6 development:

7 (1) Specific site of development.

8 (2) Number of stories.

9 (3) Number of units.

10 (4) Development timeline.

11 64737. With regard to the participation of labor in the
12 production and rehabilitation of housing, the following shall apply:

13 (a) The authority shall, to the maximum extent feasible, enter
14 into community workforce agreements that apply to work to be
15 undertaken, assisted, funded, and financed by the authority.

16 (b) The authority shall obtain an enforceable commitment from
17 any entity undertaking work assisted, funded, or financed by the
18 authority that the entity, and its contractors and subcontractors at
19 every tier, will employ a skilled and trained workforce to perform
20 the work, in accordance with Chapter 2.9 (commencing with
21 Section 2600) of Part 1 of Division 2 of the Public Contract Code.
22 This subdivision shall not apply if the work is covered by a
23 community workforce agreement that requires use of a skilled and
24 trained workforce.

25 (c) The authority shall require the prequalification of contractors
26 and subcontractors for work undertaken by the authority.

27 (d) All work undertaken, assisted, funded, or financed by the
28 authority and performed by outside contractors is public work for
29 which prevailing wages shall be paid for purposes of Chapter 1
30 (commencing with Section 1720) of Part 7 of Division 2 of the
31 Labor Code.

32

33

Article 3. Acquisition

34

35 64740. The authority may acquire, reacquire, or contract to
36 acquire or reacquire by grant or purchase real, personal, or mixed
37 property or any interest therein and own, hold, clear, improve,
38 rehabilitate, sell, assign, exchange, transfer, or otherwise dispose
39 of or encumber the same.

1 64742. The authority shall prioritize acquiring or reacquiring
2 property with the following characteristics:

3 (a) Parcels with affordability covenants or rent control units in
4 danger of losing affordability status, in order to preserve affordable
5 housing stock.

6 (b) Parcels at risk of becoming unaffordable or at the end of
7 their affordability covenants.

8 (c) Underutilized parcels or redevelopment of underutilized
9 parcels with affordability covenants or rent-controlled units.

10 (d) Surplus public properties.

11 (e) Parcels near transit.

12

13 CHAPTER 4. FUNDING

14

15 64750. The activities of the authority shall be conducted in
16 accordance with the principle of revenue neutrality.

17 64752. (a) It is the intent of the Legislature to enact legislation
18 to provide financing for the activities of the authority through the
19 issuance of general obligations bonds.

20 (b) The authority may, from time to time, issue revenue bonds
21 in the principal amount that the agency determines necessary to
22 provide sufficient funds for financing social housing developments,
23 the payment of interest on these bonds, the establishment of
24 reserves to secure the bonds, and the payment of other expenditures
25 of the agency incident to, and necessary or convenient to, issuance
26 of the bonds.

27 (c) The board shall provide for regular audits of the authority's
28 accounts and records and shall maintain accounting records and
29 shall report accounting transactions in accordance with generally
30 accepted accounting principles adopted by the Governmental
31 Accounting Standards Board of the Financial Accounting
32 Foundation for both public reporting purposes and for reporting
33 of activities to the Controller.