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AB-1423 Housing programs: multifamily housing programs: expenditure of loan proceeds. (2021-2022)

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ENROLLED SEPTEMBER 10, 2021

PASSED IN SENATE SEPTEMBER 07, 2021

PASSED IN ASSEMBLY SEPTEMBER 08, 2021

AMENDED IN SENATE AUGUST 30, 2021

AMENDED IN SENATE JULY 15, 2021

AMENDED IN SENATE JUNE 30, 2021

CALIFORNIA LEGISLATURE— 2021–2022 REGULAR SESSION

ASSEMBLY BILL

NO. 1423
Introduced by Assembly Member Daly
February 19, 2021

An act to add Section 50406.9 to the Health and Safety Code, relating to housing.

LEGISLATIVE COUNSEL'S DIGEST

AB 1423, Daly. Housing programs: multifamily housing programs: expenditure of loan proceeds.

Existing law establishes the Department of Housing and Community Development and requires it to administer various programs intended to promote the development of housing, including the Multifamily Housing Program, pursuant to which the department provides financial assistance in the form of deferred payment loans to pay for the eligible costs of development of specified types of housing projects. Existing law sets forth various general powers of the department in implementing these programs, including authorizing the department to enter into long-term contracts or agreements of up to 30 years for the purpose of servicing loans or grants or enforcing regulatory agreements or other security documents.

This bill would authorize a borrower to use any funds approved, reserved, or allocated by the department for purposes of providing a loan under any multifamily housing program under these provisions for construction financing, permanent financing, or a combination of construction financing and permanent financing, as provided. The bill would require the department to deposit funds provided to a borrower that requests the use of funds for construction financing with the first lender at or before the closing of the first lender's construction loan, to be disbursed pursuant to guidelines adopted by the department, as provided. The bill would specify that these provisions do not limit the eligible uses of funds otherwise authorized under any program administered by the department.

Vote: majority Appropriation: no Fiscal Committee: yes Local Program: no

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

SECTION 1. Section 50406.9 is added to the Health and Safety Code, to read:

50406.9. (a) Notwithstanding any other law, any funds approved, reserved, or allocated by the department for purposes of providing a loan under any multifamily housing program under this part may, at the option of the borrower, be used for any of the following purposes:

(1) Construction financing.

(2) Permanent financing.

(3) A portion for construction financing, with the balance used for permanent financing.

(b) If a borrower of funds as described in subdivision (a) requests the use of funds for construction financing pursuant to this section, the department shall deposit those funds with the first lender at or before the closing of the first lender's construction loan. Pursuant to guidelines to be adopted by the department after consultation with stakeholders, the first lender shall disburse the department funds to the borrower during the construction period until the department funds are fully disbursed, except that the guidelines may require that up to 10 percent of the department's loan amount be retained until construction completion.

(c) This section shall not be construed to limit the eligible uses of funds otherwise authorized under any program provided under this part.

(d) The department may review, adopt, amend, and repeal guidelines to implement uniform standards or criteria that supplement or clarify the terms, references, or standards set forth in this section. Any guidelines or terms adopted pursuant to this subdivision shall not be subject to the Administrative Procedure Act (Chapter 3.5 (commencing with Section 11340) of Part 1 of Division 3 of Title 2 of the Government Code).