2006

HOUSING AND EMERGENCY SHELTER TRUST FUND ACT OF 2006.

PROP 1C Housing and Emergency Shelter Trust Fund Act of 2006.

SUMMARY

Put on the Ballot by the Legislature

For the purpose of providing shelters for battered women and their children, clean and safe housing for low-income senior citizens; homeownership assistance for the disabled, military veterans, and working families; and repairs and accessibility improvements to apartment for families and disabled citizens, the state shall issue bonds totaling two billion eight hundred fifty million dollars ($2,850,000,000) paid from existing state funds at an average annual cost of two hundred and four million dollars ($204,000,000) per year over the 30 year life of the bonds. Requires reporting and publication of annual independent audited reports showing use of funds, and limits administration and overhead costs.

WHAT YOUR VOTE MEANS

YES

A YES vote on this measure means: The state could sell $2.85 billion in general obligation bonds to support a variety of housing and development programs.

NO

A NO vote on this measure means: The state could not sell $2.85 billion in general obligation bonds for these purposes.

ARGUMENTS

PRO

YES on Proposition 1C provides emergency shelters for battered women, affordable homes for seniors and former foster youths, and shelters with social services for homeless families without raising taxes. Rebuild California: Join Habitat for Humanity, AARP, and CA Partnership to End Domestic Violence, vote Yes on 1C.

CON

Vote “no” on Proposition 1C. Almost $3 billion in new government debt and big bureaucracy won’t make California housing affordable. Proposition 1C gives your money to a select few chosen by bureaucrats then sticks every California family of four with $600 of debt and interest. Vote “no” on irresponsible debt.

FOR ADDITIONAL INFORMATION

FOR

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AGAINST

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PROP 1D Kindergarten–University Public Education Facilities Bond Act of 2006.

SUMMARY

Put on the Ballot by the Legislature

This ten billion four hundred sixteen million dollar ($10,416,000,000) bond issue will provide needed funding to relieve public school overcrowding and to repair older schools. It will improve earthquake safety and fund vocational educational facilities in public schools. Bond funds must be spent according to strict accountability measures. Funds will also be used to repair and upgrade existing public college and university buildings and to build new classrooms to accommodate the growing student enrollment in the California Community Colleges, the University of California, and the California State University. Fiscal Impact: State costs of about $20.3 billion to pay off both the principal ($10.4 billion) and interest ($9.9 billion) on the bonds. Payments of about $680 million per year.

WHAT YOUR VOTE MEANS

YES

A YES vote on this measure means: The state could sell $10.4 billion in general obligation bonds for education facilities ($7.3 billion for K–12 school facilities and $3.1 billion for higher education facilities).

NO

A NO vote on this measure means: The state could not sell $10.4 billion in general obligation bonds for these purposes.

ARGUMENTS

PRO

Yes on 1D makes our school buildings earthquake-safe and reduces overcrowding in classrooms for students. It updates schools with new technology, builds vocational education facilities, and funds our rapidly growing community college system. Rebuild California: YES on 1D—an investment in our children is an investment in California’s future.

CON

We should make school construction a top priority for current spending. We cannot afford $10,416,000,000 in new debt, which today’s schoolchildren will still be paying back long after their own children have graduated. Most schools will receive nothing from this bond. Fairness requires local districts to pay for local projects.

FOR ADDITIONAL INFORMATION

FOR

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PROPOSITION

1C HOUSING AND EMERGENCY SHELTER TRUST FUND ACT OF 2006.

OFFICIAL TITLE AND SUMMARY ★ ★ ★

Prepared by the Attorney General

1C

HOUSING AND EMERGENCY SHELTER TRUST FUND ACT OF 2006.

- Funds may be used for the purpose of providing shelters for battered women and their children, clean and safe housing for low-income senior citizens; homeownership assistance for the disabled, military veterans, and working families; and repairs and accessibility improvements to apartment for families and disabled citizens.
- The state shall issue bonds totaling two billion eight hundred fifty million dollars ($2,850,000,000) paid from existing state funds at an average annual cost of two hundred and four million dollars ($204,000,000) per year over the 30 year life of the bonds.
- Requires reporting and publication of annual independent audited reports showing use of funds, and limits administration and overhead costs.
- Appropriates money from the General Fund to pay off bonds.

Summary of Legislative Analyst's Estimate of Net State and Local Government Fiscal Impact:

- State cost of about $6.1 billion over 30 years to pay off both the principal ($2.85 billion) and interest costs ($3.3 billion) on the bonds. Payments of about $204 million per year.

FINAL VOTES CAST BY THE LEGISLATURE ON SB 1689 (PROPOSITION 1C)

Senate:	Ayes 27	Noes 11
Assembly:	Ayes 54	Noes 16

ANALYSIS BY THE LEGISLATIVE ANALYST

BACKGROUND

About 200,000 houses and apartments are built in California each year. Most of these housing units are built entirely with private dollars. Some units, however, receive subsidies from federal, state, and local governments. For instance, the state provides low-interest loans or grants to developers (private, nonprofit, and governmental) to subsidize housing construction costs. Typically, the housing must be sold or rented to Californians with low incomes. Other state programs provide homebuyers with direct financial assistance to help with the costs of a downpayment.

While the state provides financial assistance through these programs, cities and counties are responsible for the zoning and approval of new housing. In addition, cities, counties, and other local governments are responsible for providing infrastructure-related services to new housing—such as water, sewer, roads, and parks.

In 2002, voters approved Proposition 46, which provided a total of $2.1 billion of general obligation bonds to fund state housing programs. We estimate that about $350 million of the Proposition 46 funds will be unspent as of November 1, 2006.

PROPOSAL

This measure authorizes the state to sell $2.85 billion of general obligation bonds to fund 13 new and existing housing and development programs. (See "An Overview of State Bond Debt" on page 96 for basic information on state general obligation bonds.) Figure 1 (see next page) describes the programs and the amount of funding that each would receive under the measure. About one-half of the funds would go to existing state housing programs. The development programs, however, are new—with details to be established by the Legislature. The major allocations of the bond proceeds are as follows:

- ***Development Programs ($1.35 Billion).*** The measure would fund three new programs aimed at increasing development. Most of the funds would be targeted for development projects in existing urban areas and near public transportation. The programs would provide loans and grants for a wide variety of projects, such as parks, water, sewage, transportation, and housing.
- ***Homeownership Programs ($625 Million).*** A number of the programs funded by this measure would encourage homeownership for low- and moderate-income homebuyers. The funds would be used to provide downpayment assistance to homebuyers through low-interest loans or grants. Typically, eligibility for this assistance would be based on the household's income, the cost of the home being purchased, and whether it is the household's first home purchase.
- ***Multifamily Housing Programs ($590 Million).*** The measure also would fund programs aimed at the construction or renovation of rental housing projects, such as apartment buildings. These programs generally provide local governments, nonprofit organizations, and private developers with low-interest (3 percent) loans to fund part of the construction cost. In exchange, a project must reserve a portion of its units for low-income households for a period of 55 years. This measure gives funding priority to projects in already developed areas and near existing public services (such as public transportation).
- ***Other Housing Programs ($285 Million).*** These funds would be used to provide loans and grants to the developers of homeless shelters and housing for farmworkers. In addition, funds would be allocated to pilot projects aimed at reducing the costs of affordable housing.

The funds would be allocated over a number of years. The measure provides the Legislature broad authority to make future changes to these programs to ensure their effectiveness.

FISCAL EFFECT

Bond Costs. The cost to pay off these bonds would depend primarily on the following two factors:

- ***Payment Period.*** The state would likely make principal and interest payments on the bonds from the state's General Fund over a period of about 30 years.
- ***Interest Rate.*** Usually, the interest on bonds issued is exempt from both state and federal taxes because the bonds are for public purposes. This results in lower debt service payments for the state. Some programs proposed by this measure, however, would not be eligible for the federal tax exemption—resulting in a higher interest rate. This is because the housing programs provide funds for private purposes. (We estimate this would be the case for about 60 percent of the bonds.)

If the federally taxable bonds were sold at an average rate of 6.5 percent and the remaining bonds at an average rate of 5 percent, the cost to the state would be about $6.1 billion to pay off both the principal ($2.85 billion) and the interest

For text of Proposition 1C see page 118.

ANALYSIS BY THE LEGISLATIVE ANALYST (CONTINUED)

FIGURE 1

Proposition 1C: Uses of Bond Funds

		Amount (In Millions)
Development Programs		
Development in urban areas[a]	Grants for various projects—including parks, water, sewer, transportation, and environmental cleanup—to facilitate urban "infill" development.	$850
Development near public transportation[a]	Grants and loans to local governments and developers to encourage more dense development near public transportation.	300
Parks[a]	Grant funding for parks throughout the state.	200
		$1,350
Homeownership Programs		
Low-income households	Variety of homeownership programs for low-income households.	$290
Downpayment assistance	Deferred low-interest loans up to 6 percent of home purchase price for first-time low- or moderate-income homebuyers.	200
Local governments	Grants to local governments which reduce barriers to affordable housing. Funds would be used for homebuyer assistance.	125
Self-help construction	Grants to organizations which assist low- or moderate-income households in building or renovating their own homes.	10
		$625
Multifamily Housing Programs		
Multifamily housing	Low-interest loans for housing developments for low-income renters.	$345
Supportive housing	Low-interest loans for housing projects which also provide health and social services to low-income renters.	195
Homeless youth	Low-interest loans for housing projects which provide housing for homeless young people.	50
		$590
Other Housing Programs		
Farmworker housing	Low-interest loans and grants for developing housing for farmworkers.	$135
Pilot programs[a]	Grants and loans for pilot projects to develop housing at reduced costs.	100
Homeless shelters	Grants for developing homeless shelters.	50
		$285
Total		**$2,850**

[a]New program.

★ ★ ★ ANALYSIS BY THE LEGISLATIVE ANALYST (CONTINUED)

($3.3 billion). The average payment would be about $204 million each year.

Administrative Costs. The Department of Housing and Community Development and the California Housing Finance Agency would experience increased costs to administer the various housing and urban development programs. A portion of the programs' allocations—probably between $100 million and $150 million of the total bond funds—would be used to pay these administrative costs over time.

For text of Proposition 1C see page 118.

ARGUMENT IN FAVOR OF PROPOSITION 1C

YES on Proposition 1C will provide emergency shelters for battered women, affordable homes for seniors and low-income families, and shelters with social services for homeless families with kids. That is why Habitat for Humanity, AARP, and California Partnership to End Domestic Violence strongly urge you to vote YES on Proposition 1C.

Importantly, this measure will be funded out of existing state resources without raising taxes.

Many of our communities face severe problems of housing affordability, homelessness, and domestic violence. Over 360,000 Californians are homeless every night.

Last year, 5,108 women and children were turned away from domestic violence shelters because they were full. Housing affordability for working families in California is at historic lows.

Safe shelter is fundamental to a decent life. YES on Proposition 1C will:

- Expand the number of shelter beds for battered women and homeless families with children.
- Provide housing for homeless foster youths.
- Make security improvements and repairs to existing shelters.
- Provide clean and safe homes for senior citizens and low-income families.

Additionally, Proposition 1C helps working families afford homes and provides accessibility improvements to apartments for disabled Californians.

Proposition 1C also creates 87,000 jobs and helps improve the state's economy.

Allows Seniors to Live Independently: This measure allows seniors to live at home without the fear of being institutionalized in a nursing home.

Helps Battered Women: "Most cities in California don't have adequate shelters for women and children who have been beaten and abused. Proposition 1C begins to fix this bad situation." —California State Sheriffs Association

Independent Audits and Accountability:

"This measure requires independent audits, limits administrative expenses, and contains strict accountability provisions to ensure the funds are used as promised." —California Chamber of Commerce

Helps Foster Youth: "Tragically, 65% of foster youth are homeless on the day they leave foster care. Proposition 1C will help them find stable homes." —Homes 4 California

Critical Need for Housing and Emergency Shelters:

"Proposition 1C provides shelter for those who need help the most—battered women, homeless families with children, and disabled seniors." —Habitat for Humanity, Sacramento

Yes on 1C: Part of a Long-Term Plan to Rebuild California

Proposition 1C is part of the Rebuild California Plan, which uses the taxes we're already paying to build the roads, housing, schools, and water systems we need to sustain our economy and our quality of life for the long term. Please support the long-term plan to rebuild California by voting Yes on 1A, 1B, 1C, 1D, and 1E.

To learn more about how this plan will benefit you and your community, visit *www.ReadForYourself.org.*

Proposition 1C provides shelters for our most vulnerable Californians: the elderly, disabled, homeless families, battered women and children. Please vote Yes on 1C for emergency shelter and housing relief without raising taxes.

CHERYL KEENAN, Executive Director
San Diego Habitat for Humanity

MARIVIC MABANAG, Executive Director
California Partnership to End Domestic Violence

TOM PORTER, State Director
AARP

REBUTTAL TO ARGUMENT IN FAVOR OF PROPOSITION 1C

Proposition 1C is fiscally irresponsible. 1C grows bureaucracy with almost $3 billion in borrowed money, burdening everyone with debt to benefit a small number of people selected by government, including financially eligible illegal immigrants.

In their "yes" argument, 1C's backers claim the bond would be "funded out of existing state resources without raising taxes." Sadly, there is no such thing as free money.

When California sells bonds, what is really happening is that the state is going into debt in your name. This debt gets repaid at about two dollars of principal and interest for every dollar borrowed.

Debt repayment has the top priority in government spending. So, money spent to repay bonds means budget cuts for education, roads, Medi-Cal, levee repair, prisons, and water projects. Or, even less money for tax cuts.

More debt = less money for priorities. And, less money for priorities = pressure to raise taxes on all Californians.

Debt should be used sparingly to build long lasting projects such as roads, bridges, dams, schools, and universities.

Builders build homes, not government. Fees, regulations, and government interference make homes unaffordable in California. Freeing builders to build is the best affordable housing program—*and, it costs nothing!*

Adding more debt to our state's credit card hurts ALL Californians. Proposition 1C would add $600 of debt and interest payment obligations on every California family of four. That's $600 that could be returned to the people in lower taxes, or spent on roads and schools.

Be responsible: vote "no."

ASSEMBLYMAN CHUCK DEVORE, Member
Assembly Budget Committee

BILL LEONARD, Member
California State Board of Equalization

MIKE SPENCE, President
California Taxpayer Protection Committee

ARGUMENT AGAINST PROPOSITION 1C

Proposition 1C would add almost *$3 billion* in new government *debt* and expand bureaucracy, but it won't make housing affordable in California.

Sacramento politicians placed Proposition 1C on the ballot at *3 in the morning.* Why did they vote in the middle of the night with *little debate and no oversight?* What were they trying to hide?

Proposition 1C won't make housing more affordable for the average Californian. What it will do is grow government and force the average California family of four to pay over $600 in debt and interest while INCREASING PRESSURE TO RAISE TAXES.

What will $2.85 billion of new government borrowing buy? In a state of 37 million people with over 12.2 million housing units, *not even a drop in the bucket.* Instead, Proposition 1C will empower bureaucrats to dispense cash to a select few who meet the government rules and are lucky enough to be chosen to get the money borrowed in your name.

It's true that only 14 percent of families in California can now afford the median-priced home. But, government itself is to blame for this problem. More than half the cost of a home or apartment rent in California is due to high taxes, overregulation, environmental lawsuits, fees, and government interference in the free market—all of which doubles the high cost of housing.

So, what do the politicians propose? Their solution: another government program that allows affordable housing only for the *lucky few who can get their hands on your money.*

The true way to make housing affordable again in California is to allow builders to build homes and condominiums and apartments and then allow people to pay to live in them—without the government telling everyone what to do and how to do it.

Instead, the text of Proposition 1C reads like the failed government housing programs of the past, with references to, "target population," "Housing Finance Committee," "supportive housing," "operating subsidies," and "pilot programs." Along with millions of dollars for bureaucracy and even *$400 million for parks that house no one at all!*

One last reason to vote "no" on Proposition 1C: *we can't afford more debt.* For every dollar we borrow, we and our children will have to repay that dollar plus a dollar in interest costs. That means the average California family will have to pay more than $600 in additional taxes over the life of this bond, half of which will be to pay the roughly $3 billion in interest fees alone.

Vote "no" on Proposition 1C. We can't afford it, and it won't make housing more affordable in California.

For more information, please visit Assemblyman Chuck DeVore's website at: www.NoProp1C.com or email him at NoProp1C@aol.com.

ASSEMBLYMAN CHUCK DEVORE, Member
California State Assembly

REBUTTAL TO ARGUMENT AGAINST PROPOSITION 1C

Yes on Proposition 1C makes shelters and homes available to battered women, seniors, homeless children, low-income families, and former foster youths. It won't solve all of these problems overnight, but it is an important step forward.

Proposition 1C will not raise taxes. The measure will be paid for out of existing state resources. Just as important, Proposition 1C requires independent audits to protect taxpayers and ensure shelters and homes are built as promised.

This measure is the result of years of planning by experts in the problems of homelessness and domestic violence, as well as the housing crisis facing the elderly, families with children, people with mental illness, and veterans.

That is why leading California organizations have endorsed Proposition 1C, including:

Habitat for Humanity, San Diego, Greater Los Angeles, and Sacramento
AARP
Congress of California Seniors
California Partnership to End Domestic Violence
California Chamber of Commerce
Orange County Business Council
League of Women Voters
Foster Youth Alliance
Vietnam Veterans of California

Proposition 1C is a fiscally responsible part of the Rebuild California Plan, a long-term plan to build the roads, housing, schools, and flood-control systems we need for California's future.

Yes on Proposition 1C addresses problems we can't afford to ignore. It will provide clean and safe accommodations for seniors, shelters for homeless families, and secure homes for battered women. Please help California take a positive step forward by voting Yes on Proposition 1C.

HANK LACAYO, President
Congress of California Seniors

PETER CAMERON, President
Vietnam Veterans of California

MARIVIC MABANAG, Executive Director
California Partnership to End Domestic Violence

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(c) For the purposes of the State General Obligation Bond Law, any department receiving an allocation pursuant to this chapter is designated to be the "board."

8879.28. Upon request of the board stating that funds are needed for purposes of this chapter, the committee shall determine whether or not it is necessary or desirable to issue bonds authorized pursuant to this chapter in order to carry out the actions specified in Section 8879.23, and, if so, the amount of bonds to be issued and sold. Successive issues of bonds may be authorized and sold to carry out those actions progressively, and are not required to be sold at any one time. Bonds may bear interest subject to federal income tax.

8879.29. There shall be collected annually, in the same manner and at the same time as other state revenue is collected, a sum of money in addition to the ordinary revenues of the state, sufficient to pay the principal of, and interest on, the bonds as provided herein, and all officers required by law to perform any duty in regard to the collections of state revenues shall collect that additional sum.

8879.30. Notwithstanding Section 13340, there is hereby appropriated from the General Fund in the State Treasury, for the purposes of this chapter, an amount that will equal the total of the following:

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

(b) The sum which is necessary to carry out Section 8879.32, appropriated without regard to fiscal years.

8879.31. The board may request the Pooled Money Investment Board to make a loan from the Pooled Money Investment Account, in accordance with Section 16312, for purposes of this chapter. The amount of the request shall not exceed the amount of the unsold bonds which the committee has, by resolution, authorized to be sold for the purpose of this chapter, less any amount withdrawn pursuant to Section 8879.32. The board shall execute any documents as required by the Pooled Money Investment Board to obtain and repay the loan. Any amount loaned shall be deposited in the fund to be allocated in accordance with this chapter.

8879.32. For the purpose of carrying out this chapter, the Director of Finance may, by executive order, authorize the withdrawal from the General Fund of any amount or amounts not to exceed the amount of the unsold bonds which the committee has, by resolution, authorized to be sold for the purpose of carrying out this chapter. Any amounts withdrawn shall be deposited in the Highway Safety, Traffic Reduction, Air Quality, and Port Security Fund of 2006. Any money made available under this section shall be returned to the General Fund, plus the interest that the amounts would have earned in the Pooled Money Investment Account, from money received from the sale of bonds which would otherwise be deposited in that fund.

8879.33. The bonds may be refunded in accordance with Article 6 (commencing with Section 16780) of the State General Obligation Bond Law. Approval by the electors of this act shall constitute approval of any refunding bonds issued pursuant to the State General Obligation Bond Law.

8879.34. Notwithstanding any provisions in the State General Obligation Bond Law, the maximum maturity of any bonds authorized by this chapter shall not exceed 30 years from the date of each respective series. The maturity of each series shall be calculated from the date of each series.

8879.35. The Legislature hereby finds and declares that, inasmuch as the proceeds from the sale of bonds authorized by this chapter are not "proceeds of taxes" as that term is used in Article XIII B of the California Constitution, the disbursement of these proceeds is not subject to the limitations imposed by that article.

8879.36. Notwithstanding any provision of the State General Obligation Bond Law with regard to the proceeds from the sale of bonds authorized by this chapter that are subject to investment under Article 4 (commencing with Section 16470) of Chapter 3 of Part 2 of Division 4, the Treasurer may maintain a separate account for investment earnings, order the payment of those earnings to comply with any rebate requirement applicable under federal law, and may otherwise direct the use and investment of those proceeds so as to maintain the tax-exempt status of those bonds and to obtain any other advantage under federal law on behalf of the funds of this state.

8879.37. All money derived from premium and accrued interest on bonds sold pursuant to this chapter shall be transferred to the General Fund as a credit to expenditures for bond interest.

PROPOSITION 1C

This law proposed by Senate Bill 1689 of the 2005–2006 Regular Session (Chapter 27, Statutes of 2006) is submitted to the people in accordance with the provisions of Article XVI of the California Constitution.

This proposed law adds sections to the Health and Safety Code; therefore, new provisions proposed to be added are printed in *italic type* to indicate that they are new.

PROPOSED LAW

SEC. 2. Part 12 (commencing with Section 53540) is added to Division 31 of the Health and Safety Code, to read:

PART 12. HOUSING AND EMERGENCY SHELTER TRUST FUND ACT OF 2006

CHAPTER 1. GENERAL PROVISIONS

53540. (a) This part shall be known as the Housing and Emergency Shelter Trust Fund Act of 2006.

(b) This part shall only become operative upon adoption by the voters at the November 7, 2006, statewide general election.

53541. As used in this part, the following terms have the following meanings:

(a) "Board" means the Department of Housing and Community Development for programs administered by the department, and the California Housing Finance Agency for programs administered by the agency.

(b) "Committee" means the Housing Finance Committee created pursuant to Section 53524 and continued in existence pursuant to Section 53548.

(c) "Fund" means the Housing and Emergency Shelter Trust Fund created pursuant to Section 53545.

CHAPTER 2. HOUSING AND EMERGENCY SHELTER TRUST FUND OF 2006 AND PROGRAM

53545. The Housing and Emergency Shelter Trust Fund of 2006 is hereby created in the State Treasury. The Legislature intends that the proceeds of bonds deposited in the fund shall be used to fund the housing-related programs described in this chapter over the course of the next decade. The proceeds of bonds issued and sold pursuant to this part for the purposes specified in this chapter shall be allocated in the following manner:

(a) (1) One billion five hundred million dollars ($1,500,000,000) to be deposited in the Affordable Housing Account, which is hereby created in the fund. Notwithstanding Section 13340 of the Government Code, the money in the account shall be continuously appropriated in accordance with the following schedule:

(A) (i) Three hundred forty-five million dollars ($345,000,000) shall be transferred to the Housing Rehabilitation Loan Fund to be expended for the Multifamily Housing Program authorized by Chapter 6.7 (commencing with Section 50675) of Part 2. The priorities specified in Section 50675.13 shall apply to the expenditure of funds pursuant to this clause.

(ii) Fifty million dollars ($50,000,000) shall be transferred to the Housing Rehabilitation Loan Fund to be expended under the Multifamily Housing Program authorized by Chapter 6.7 (commencing with Section 50675) of Part 2 for housing meeting the definitions in paragraphs (2) and (3) of subdivision (e) of Section 11139.3 of the Government Code. The department may provide higher per-unit loan limits as necessary to achieve affordable housing costs to the target population. Any funds not encumbered for the purposes of this clause within 30 months of availability shall revert for general use in the Multifamily Housing Program.

(B) One hundred ninety-five million dollars ($195,000,000) shall be transferred to the Housing Rehabilitation Loan Fund to be expended for the Multifamily Housing Program authorized by Chapter 6.7

(commencing with Section 50675) of Part 2, to be used for supportive housing for individuals and households moving from emergency shelters or transitional housing or those at risk of homelessness. The Department of Housing and Community Development shall provide for higher per-unit loan limits as reasonably necessary to achieve housing costs affordable to those individuals and households. For purposes of this subparagraph, "supportive housing" means housing with no limit on length of stay, that is occupied by the target population, as defined in subdivision (d) of Section 53260, and that is linked to onsite or offsite services that assist the tenant to retain the housing, improve his or her health status, maximize his or her ability to live, and, when possible, work in the community. The criteria for selecting projects shall give priority to:

(i) Supportive housing for people with disabilities who would otherwise be at high risk of homelessness where the applications represent collaboration with programs that meet the needs of the person's disabilities.

(ii) Projects that demonstrate funding commitments from local governments for operating subsidies or services funding, or both, for five years or longer.

(C) One hundred thirty-five million dollars ($135,000,000) shall be transferred to the fund created by subdivision (b) of Section 50517.5 to be expended for the programs authorized by Chapter 3.2 (commencing with Section 50517.5) of Part 2.

(D) Three hundred million dollars ($300,000,000) shall be transferred to the Self-Help Housing Fund created by Section 50697.1. These funds shall be available to the Department of Housing and Community Development, to be expended for the purposes of enabling households to become or remain homeowners pursuant to the CalHome Program authorized by Chapter 6 (commencing with Section 50650) of Part 2, except ten million dollars ($10,000,000) shall be expended for construction management under the California Self-Help Housing Program pursuant to subdivision (b) of Section 50696.

(E) Two hundred million dollars ($200,000,000) shall be transferred to the Self-Help Housing Fund created by Section 50697.1. These funds shall be available to the California Housing Finance Agency, to be expended for the purposes of the California Homebuyer's Downpayment Assistance Program authorized by Chapter 11 (commencing with Section 51500) of Part 3. Up to one hundred million dollars ($100,000,000) of these funds may be expended pursuant to subdivision (b) of Section 51504.

(F) One hundred million dollars ($100,000,000) shall be transferred to the Affordable Housing Innovation Fund, which is hereby created in the State Treasury, to be administered by the Department of Housing and Community Development. Funds shall be expended for competitive grants or loans to sponsoring entities that develop, own, lend, or invest in affordable housing and used to create pilot programs to demonstrate innovative, cost-saving approaches to creating or preserving affordable housing. Specific criteria establishing eligibility for and use of the funds shall be established in statute as approved by a 2/3 vote of each house of the Legislature. Any funds not encumbered for the purposes set forth in this subparagraph within 30 months of availability shall revert to the Self-Help Housing Fund created by Section 50697.1 and shall be available for the purposes described in subparagraph (D).

(G) One hundred twenty-five million dollars ($125,000,000) shall be transferred to the Building Equity and Growth in Neighborhoods Fund to be used for the Building Equity and Growth in Neighborhoods (BEGIN) Program pursuant to Chapter 14.5 (commencing with Section 50860) of Part 1. Any funds not encumbered for the purposes set forth in this subparagraph within 30 months of availability shall revert for general use in the CalHome Program.

(H) Fifty million dollars ($50,000,000) shall be transferred to the Emergency Housing and Assistance Fund to be distributed in the form of capital development grants under the Emergency Housing and Assistance Program authorized by Chapter 11.5 (commencing with Section 50800) of Part 2 of Division 31. The funds shall be administered by the Department of Housing and Community Development in a manner consistent with the restrictions and authorizations contained in Provision 3 of Item 2240-105-0001 of the Budget Act of 2000, except that any appropriations in that item shall not apply. The competitive system used by the department shall incorporate priorities set by the designated local boards and their input as to the relative merits of submitted applications from within the designated local board's county in relation to those priorities. In addition, the funding limitations contained in this section shall not apply to the appropriation in that budget item.

(2) The Legislature may, from time to time, amend the provisions of law related to programs to which funds are, or have been, allocated pursuant to this subdivision for the purpose of improving the efficiency and effectiveness of the program, or for the purpose of furthering the goals of the program.

(3) The Bureau of State Audits shall conduct periodic audits to ensure that bond proceeds are awarded in a timely fashion and in a manner consistent with the requirements of this subdivision, and that awardees of bond proceeds are using funds in compliance with applicable provisions of this subdivision. The first audit shall be conducted no later than one year from voter approval of this part.

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(4) In its annual report to the Legislature, the Department of Housing and Community Development shall report how funds that were made available pursuant to this subdivision and allocated in the prior year were expended. The department shall make the report available to the public on its Internet Web site.

(b) Eight hundred fifty million dollars ($850,000,000) shall be deposited in the Regional Planning, Housing, and Infill Incentive Account, which is hereby created in the fund. Funds in the account shall be available, upon appropriation by the Legislature, and subject to such other conditions and criteria as the Legislature may provide in statute, for the following purposes:

(1) For infill incentive grants for capital outlay related to infill housing development and other related infill development, including, but not limited to, all of the following:

(A) No more than two hundred million dollars ($200,000,000) for park creation, development, or rehabilitation to encourage infill development.

(B) Water, sewer, or other public infrastructure costs associated with infill development.

(C) Transportation improvements related to infill development projects.

(D) Traffic mitigation.

(2) For brownfield cleanup that promotes infill housing development and other related infill development consistent with regional and local plans.

(c) Three hundred million dollars ($300,000,000) to be deposited in the Transit-Oriented Development Account, which is hereby created in the fund, for transfer to the Transit-Oriented Development Implementation Fund, for expenditure, upon appropriation by the Legislature, pursuant to the Transit-Oriented Development Implementation Program authorized by Part 13 (commencing with Section 50560).

(d) Two hundred million dollars ($200,000,000) shall be deposited in the Housing Urban-Suburban-and-Rural Parks Account, which is hereby created in the fund. Funds in the account shall be available upon appropriation by the Legislature for housing-related parks grants in urban, suburban, and rural areas, subject to the conditions and criteria that the Legislature may provide in statute.

Chapter 3. Fiscal Provisions

53546. Bonds in the total amount of two billion eight hundred fifty million dollars ($2,850,000,000), exclusive of refunding bonds, or so much thereof as is necessary, are hereby authorized to be issued and sold for carrying out the purposes expressed in this part and to reimburse the General Obligation Bond Expense Revolving Fund pursuant to Section 16724.5 of the Government Code. All bonds herein authorized which have been duly sold and delivered as provided herein shall constitute valid and legally binding general obligations of the state, and the full faith and credit of the state is hereby pledged for the punctual payment of both principal and interest thereof.

53547. The bonds authorized by this part shall be prepared, executed, issued, sold, paid, and redeemed as provided in the State General Obligation Bond Law (Chapter 4 (commencing with Section 16720) of Part 3 of Division 4), except subdivision (a) of Section 16727 to the extent that it is inconsistent with this part, and all of the other provisions of that law as amended from time to time apply to the bonds and to this part and are hereby incorporated in this part as though set forth in full in this part.

53548. (a) Solely for the purpose of authorizing the issuance and

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sale, pursuant to the State General Obligation Bond Law, of the bonds authorized by this part, the Housing Finance Committee created pursuant to Section 53524 is continued in existence. For the purposes of this part, the Housing Finance Committee is "the committee" as that term is used in the State General Obligation Bond Law.

(b) The committee may adopt guidelines establishing requirements for administration of its financing programs to the extent necessary to protect the validity of, and tax exemption for, interest on the bonds. The guidelines shall not constitute rules, regulations, orders, or standards of general application and are not subject to Chapter 3.5 (commencing with Section 11340) of Part 1 of Division 3 of Title 2 of the Government Code.

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

53549. Upon request of the board stating that funds are needed for purposes of this part, the committee shall determine whether or not it is necessary or desirable to issue bonds authorized pursuant to this part in order to carry out the actions specified in Section 53545, and, if so, the amount of bonds to be issued and sold. Successive issues of bonds may be authorized and sold to carry out those actions progressively, and are not required to be sold at any one time. Bonds may bear interest subject to federal income tax.

53550. There shall be collected annually, in the same manner and at the same time as other state revenue is collected, a sum of money in addition to the ordinary revenues of the state, sufficient to pay the principal of, and interest on, the bonds as provided herein, and all officers required by law to perform any duty in regard to the collections of state revenues shall collect that additional sum.

53551. Notwithstanding Section 13340 of the Government Code, there is hereby appropriated from the General Fund in the State Treasury, for the purposes of this part, an amount that will equal the total of the following:

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

(b) The sum which is necessary to carry out Section 53553, appropriated without regard to fiscal years.

53552. The board may request the Pooled Money Investment Board to make a loan from the Pooled Money Investment Account, in accordance with Section 16312 of the Government Code, for purposes of this part. The amount of the request shall not exceed the amount of the unsold bonds which the committee has, by resolution, authorized to be sold for the purpose of this part, less any amount withdrawn pursuant to Section 53553. The board shall execute any documents as required by the Pooled Money Investment Board to obtain and repay the loan. Any amount loaned shall be deposited in the fund to be allocated in accordance with this part.

53553. For the purpose of carrying out this part, the Director of Finance may, by executive order, authorize the withdrawal from the General Fund of any amount or amounts not to exceed the amount of the unsold bonds which the committee has, by resolution, authorized to be sold for the purpose of carrying out this part. Any amounts withdrawn shall be deposited in the fund. Any money made available under this section shall be returned to the General Fund, plus the interest that the amounts would have earned in the Pooled Money Investment Account, from money received from the sale of bonds which would otherwise be deposited in that fund.

53554. The bonds may be refunded in accordance with Article 6 (commencing with Section 16780) of the State General Obligation Bond Law. Approval by the electors of this act shall constitute approval of any refunding bonds issued pursuant to the State General Obligation Bond Law.

53555. Notwithstanding any provisions in the State General Obligation Bond Law, the maximum maturity of any bonds authorized by this part shall not exceed 30 years from the date of each respective series. The maturity of each series shall be calculated from the date of each series.

53556. The Legislature hereby finds and declares that, inasmuch as the proceeds from the sale of bonds authorized by this part are not "proceeds of taxes" as that term is used in Article XIII B of the California Constitution, the disbursement of these proceeds is not subject to the limitations imposed by that article.

53557. Notwithstanding any provision of the State General Obligation Bond Law with regard to the proceeds from the sale of bonds authorized by this part that are subject to investment under Article 4 (commencing with Section 16470) of Chapter 3 of Part 2 of Division 4 of Title 2 of the Government Code, the Treasurer may maintain a separate account for investment earnings, order the payment of those earnings to comply with any rebate requirement applicable under federal law, and may otherwise direct the use and investment of those proceeds so as to maintain the tax-exempt status of those bonds and to obtain any other advantage under federal law on behalf of the funds of this state.

53558. All money derived from premium and accrued interest on bonds sold pursuant to this chapter shall be transferred to the General Fund as a credit to expenditures for bond interest.

PROPOSITION 1D

This law proposed by Assembly Bill 127 of the 2005–2006 Regular Session (Chapter 35, Statutes of 2006) is submitted to the people in accordance with the provisions of Article XVI of the California Constitution.

This proposed law adds sections to the Education Code; therefore, new provisions proposed to be added are printed in *italic type* to indicate that they are new.

PROPOSED LAW

SEC. 16. Part 69 (commencing with Section 101000) is added to the Education Code, to read:

PART 69. KINDERGARTEN–UNIVERSITY PUBLIC EDUCATION FACILITIES BOND ACT OF 2006

Chapter 1. General

101000. This part shall be known and may be cited as the Kindergarten–University Public Education Facilities Bond Act of 2006.

101001. The incorporation of, or reference to, any provision of California statutory law in this part includes all acts amendatory thereof and supplementary thereto.

101002. (a) Bonds in the total amount of ten billion four hundred sixteen million dollars ($10,416,000,000), not including the amount of any refunding bonds issued in accordance with Sections 101030, 101039, and 101059, or so much thereof as is necessary, may be issued and sold to provide a fund to be used for carrying out the purposes expressed in this part and to reimburse the General Obligation Bond Expense Revolving Fund pursuant to Section 16724.5 of the Government Code. The bonds, when sold, shall be and constitute a valid and binding obligation of the State of California, and the full faith and credit of the State of California is hereby pledged for the punctual payment of the principal of, and interest on, the bonds as the principal and interest become due and payable.

(b) Pursuant to this section, the Treasurer shall sell the bonds authorized by the State School Building Finance Committee established by Section 15909 or the Higher Education Facilities Finance Committee established pursuant to Section 67353, as the case may be, at any different times necessary to service expenditures required by the apportionments.

Chapter 2. Kindergarten through 12th Grade

Article 1. Kindergarten Through 12th Grade School Facilities Program Provisions

101010. The proceeds of bonds issued and sold pursuant to Article 2 (commencing with Section 101020) shall be deposited in the 2006 State School Facilities Fund established in the State Treasury under subdivision (d) of Section 17070.40 and shall be allocated by the State Allocation Board pursuant to this chapter.

101011. All moneys deposited in the 2006 State School Facilities Fund for the purposes of this chapter shall be available to provide aid to school districts, county superintendents of schools, and county boards of education of the state in accordance with the Leroy F. Greene School Facilities Act of 1998 (Chapter 12.5 (commencing with Section 17070.10) of Part 10), as set forth in Section 101012, to provide funds to repay any money advanced or loaned to the 2006 State School Facilities Fund under