

AMENDED IN ASSEMBLY APRIL 6, 2022

CALIFORNIA LEGISLATURE—2021–22 REGULAR SESSION

**ASSEMBLY BILL**

**No. 2053**

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**Introduced by Assembly Members ~~Lee and Carrillo~~ Lee, Carrillo,  
and Kalra**

**(Coauthor: Senator Wiener)**

**(Coauthors: Assembly Members Bennett, Mia Bonta, Cristina Garcia,  
Santiago, and Ward)**

**(Coauthors: Senators Wiener, Allen, and Gonzalez)**

February 14, 2022

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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 amended, 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, *as specified*, 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.

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

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

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

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

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

## TITLE 6.9. THE SOCIAL HOUSING ACT

### PART 1. GENERAL PROVISIONS

#### CHAPTER 1. TITLE

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

#### CHAPTER 2. DEFINITIONS

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

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

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

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

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

6 (b) If a housing unit is in a social housing development, the  
7 development contains housing units that accommodate a mix of  
8 household income ranges, including extremely low income, very  
9 low income, low income, moderate income, and above-moderate  
10 income.

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

14 (d) Residents of housing units are afforded, at a minimum, all  
15 protections granted to tenants with tenancies in private ~~property~~,  
16 *property under Section 1946.2 of the Civil Code*, including  
17 protection against termination without just cause or for any  
18 discriminatory, retaliatory, or other arbitrary reason, and shall be  
19 afforded due process prior to being subject to eviction procedures,  
20 in addition to other protections provided by this title.

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

24 (f) Residents of the housing units have the right to participate  
25 directly and meaningfully in decisionmaking affecting the operation  
26 and management of their housing units.

27 64668. "Skilled and trained workforce" has the meaning  
28 provided in Section 2601 of the Public Contract Code.

29 64670. "Prevailing wage rates" means the general prevailing  
30 rate of per diem wages for the craft, ~~classification~~ *classification*,  
31 or type of work within the locality and in the nearest labor market  
32 area, as determined by the Director of Industrial Relations pursuant  
33 to Sections 1773 and 1773.9 of the Labor Code, and the applicable  
34 prevailing apprentice wage rate.

35 64671. "Community workforce agreement" means a project  
36 labor agreement as described in Section 2500 of the Public Contract  
37 Code that includes provisions to provide opportunities for local  
38 and disadvantaged workers and contractors.

39 64672. "Revenue neutrality" means a system in which all  
40 monetary expenditures that result from the development and

1 operation of social housing owned by the authority are returned  
2 to the authority through rents, payments on leasehold mortgages,  
3 or other subsidies received from sources other than the state.

4 64674. “Rent and mortgage cross-subsidization” means a  
5 system in which the below-cost rents and leasehold mortgages of  
6 certain units are balanced by above-cost payments on other units  
7 within the same multiunit property so as to ensure the property’s  
8 overall revenue meets development and operational costs.

9 64676. “Limited equity arrangement” means an ownership  
10 model in which residents are extended a long-term lease of a unit,  
11 take out a subsidized leasehold mortgage on the property from the  
12 authority, make monthly mortgage payments, and commit to resell  
13 at a price determined by a formula designed to balance ongoing  
14 affordability and resident wealth generation.

15 64678. “Regional housing needs assessment” or “RHNA”  
16 means a representation of housing needs for all income levels in  
17 a jurisdiction pursuant to Article 10.6 (commencing with Section  
18 65580) of Chapter 3 of Division 1 of Title 7.

19 64680. “Area median income” means the median family income  
20 in a metropolitan or nonmetropolitan area, as determined by the  
21 Department of Housing and Community Development.

22 64682. “Extremely low income” means ~~income for households~~  
23 ~~at or below the poverty guideline or not more than 30 percent of~~  
24 ~~the area median income, whichever is higher.~~ *income that does*  
25 *not exceed the qualifying limits for extremely low income families,*  
26 *as described in Section 50106 of the Health and Safety Code.*

27 64684. “Very low income” means ~~income for households that~~  
28 ~~is at least 31 percent but not more than 50 percent of area median~~  
29 ~~income.~~ *income that does not exceed the qualifying limits for very*  
30 *low income families, as described in Section 50105 of the Health*  
31 *and Safety Code.*

32 64685. “Low income” means income for households ~~that is at~~  
33 ~~least 51 percent but not more than 80 percent of area median~~  
34 ~~income.~~ *does not exceed the qualifying limits for lower income*  
35 *families, as described in Section 50079.5 of the Health and Safety*  
36 *Code.*

37 64686. “Moderate income” means income for households ~~that~~  
38 ~~is at least 81 percent but not more than 120 percent of area median~~  
39 ~~income.~~ *of low or moderate income whose income exceeds the*

1 *income limit for lower income households, as described in Section*  
2 *50093 of the Health and Safety Code.*

3 64688. “Above-moderate income” means income for  
4 households that is more than 120 percent of area median income.  
5 exceeds the moderate income level, as described in Section 50093  
6 of the Health and Safety Code.

7 64690. “Underutilized parcel” means a parcel of property upon  
8 which is built a structure that contains fewer units than the  
9 maximum number of units permissible under local zoning  
10 regulations.

11 64692. “Multifamily property” means a revenue-neutral  
12 collection of units featuring extremely low income, very low  
13 income, low-income, moderate-income, and above-moderate units.  
14 A multifamily property may be a single building, multiple buildings  
15 on the same or adjacent parcels, or multiple buildings across several  
16 blocks within a single jurisdiction, or as may be defined by the  
17 authority.

18 64694. “Board” means the California Housing Authority Board.

## 19 20 PART 2. CALIFORNIA HOUSING AUTHORITY

### 21 22 CHAPTER 1. CREATION, POWERS, AND DUTIES

#### 23 24 Article 1. Creation

25  
26 64700. (a) The California Housing Authority is hereby created.  
27 The authority shall be governed by the California Housing  
28 Authority Board.

29 (b) The core mission of the authority shall be to produce and  
30 acquire social housing developments for the purpose of eliminating  
31 the gap between housing production and regional housing needs  
32 assessment targets and to preserve affordable housing.

#### 33 34 Article 2. Powers

35  
36 64702. The authority shall have the following general powers:

37 (a) Sue and be sued.

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

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

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

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

12 (f) Acquire, reacquire, or contract to acquire or reacquire by  
13 grant or purchase real, personal, or mixed property or any interest  
14 therein and own, hold, clear, improve, rehabilitate, sell, assign,  
15 exchange, transfer, convey, lease, or otherwise dispose of or  
16 encumber the same.

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

18 (h) By itself, or in partnership with qualified persons, acquire,  
19 reacquire, construct, reconstruct, rehabilitate, improve, alter, or  
20 repair or provide for the construction, reconstruction, improvement,  
21 alteration, or repair of any project; own, hold, sell, assign, transfer,  
22 convey, exchange, lease, or otherwise dispose of or encumber any  
23 project.

24 (i) Arrange or contract for the planning, replanning, opening,  
25 grading, or closing of streets, roads, roadways, alleys, or other  
26 places, or for the furnishing of facilities or for the acquisition of  
27 property or property rights, or for the furnishing of property or  
28 services in connection with a project.

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

32 (k) Prepare or cause to be prepared project plans, specifications,  
33 designs, and estimates of costs for the construction, reconstruction,  
34 rehabilitation, improvement, alteration, or repair of any project,  
35 and from time to time modify the plans, specifications, designs,  
36 or estimates.

37 (l) Enter into community workforce and project labor  
38 agreements.

39 (m) Provide advisory, consultative, training, and educational  
40 services, technical assistance, and advice to any person, partnership,



1 or corporation, either public or private, to carry out its mission,  
2 and engage the services of consultants on a contractual basis for  
3 rendering professional and technical assistance and advice.

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

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

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

10  
11 Article 3. Duties  
12

13 64704. (a) The authority shall implement and operate the social  
14 housing program, as prescribed by Chapter 3 (commencing with  
15 Section 64724), and is hereby granted all powers necessary for  
16 this purpose.

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

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

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

23 64706. (a) The authority shall prepare, publish, adopt, and  
24 submit to the Governor and the Legislature an annual business  
25 plan. At least 60 days prior to the publication of the plan, the  
26 authority shall publish a draft business plan for public review and  
27 comment. The draft plan shall also be submitted to the Governor  
28 and the Legislature.

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

31 (1) A description of the type of projects the authority is  
32 producing or acquiring and the proposed timeline, estimated costs,  
33 and funding sources.

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

36 (3) An estimate and description of the anticipated funds the  
37 authority intends to leverage to fund the construction and operation  
38 activities, and the authority's level of confidence for obtaining  
39 each type of funding.

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

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

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

10  
11 CHAPTER 2. CALIFORNIA HOUSING AUTHORITY GOVERNANCE

12  
13 Article 1. Formation and Structure of Governing Board

14  
15 64708. (a) The board shall be composed of the following:

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

17 (2) An expert in housing construction.

18 (3) An expert in property maintenance.

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

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

21 (6) An appointee of the Governor.

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

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

29 (c) Prior to the occupancy of the first social housing unit  
30 developments owned by the authority, the resident representatives  
31 shall be appointed by the Speaker of the Assembly, the Senate  
32 Committee on Rules, and the Governor, respectively. The Speaker  
33 of the Assembly, the Senate Committee on Rules, and the Governor  
34 shall consult with advocates for tenants' rights in the course of  
35 making their respective selections.

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

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

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

7 (3) Resident elections for board seats shall take place annually  
8 and the elections shall be coordinated by the board and its executive  
9 officer.

10 64710. All board decisions shall be approved by majority vote.

11 64712. The board shall select a board chair, who may hold  
12 special powers as determined by members of the board.

13 64714. The board is a state body for purposes of the  
14 Bagley-Keene Open Meeting Act (Article 9 (commencing with  
15 Section 11120) of Chapter 1 of Part 1 of Division 3 of Title 2).

16  
17 Article 2. Board Powers and Duties  
18

19 64716. The duties of the board include, but are not limited to,  
20 the following:

21 (a) Establish a strategy to achieve the core goal of elimination  
22 of the gap between housing production and acquisition and regional  
23 housing needs assessment targets.

24 (b) Set objectives and performance targets designed to achieve  
25 the strategy required by subdivision (a).

26 (c) Monitor and assess the degree of the authority's success in  
27 achieving its objectives and performance targets.

28 (d) Exercise exclusive hiring and firing power over an executive  
29 officer.

30 (e) Establish and monitor performance measures for the  
31 executive officer and an associated succession plan.

32 (f) Approve the annual budget prepared by the executive officer.

33 (g) Foster a culture and set of values consistent with the  
34 short-term, medium-term, and long-term goals of the authority.

35 (h) Integrate risk management into the authority's strategic  
36 planning process.

37 (i) Notify the Governor and the Legislature of unanticipated  
38 and sizable risks facing CHA in meeting its objectives.

39 (j) Adopt and amend regulations, which shall include election  
40 procedures for resident board positions.

1 (k) Following an initial trial period, create and make public an  
2 annual business plan as described in Section 64706.

3 (l) Hold biannual meetings with resident governance councils.  
4 64718. The executive officer of the board shall have the  
5 following powers and duties:

6 (a) Manage the day-to-day operations of the authority in  
7 accordance with the strategy, delegations, business plans, and  
8 policies of the board and this title.

9 (b) Employ and manage staff, including establishing, promoting,  
10 and maintaining a positive organizational culture that effectively  
11 aligns with the values and employment principles of the authority.

12 (c) Transform the strategic plans of the board into action.

13 (d) Ensure the effectiveness of the authority's operational  
14 systems, including financial management, human resource  
15 management, information systems management, risk management,  
16 communications, marketing, fund raising, asset management, and  
17 reporting.

18 (e) Ensure the board is kept informed of changes to gubernatorial  
19 directives, relevant legislation and changes in law, and other critical  
20 information relating to the board's functions and powers.

21 (f) Ensure compliance with applicable law and governmental  
22 policies.

23 (g) Maintain effective communication and cooperation with  
24 external stakeholders in collaboration with the chair of the board.

25 (h) Provide advice and information to the board on any material  
26 issues concerning strategy, finance, reporting obligations, or other  
27 important matters that arise.

28 (i) Prepare the annual business plan, including organizational  
29 performance targets, for board approval.

30 (j) Interact with and, where appropriate, report to the Governor  
31 and the Legislature.

32 (k) Additional responsibilities as determined by the board.

### 34 Article 3. Resident Governance Councils

35  
36 64720. Each multifamily social housing development owned  
37 by the authority shall form a governance council, which shall  
38 include residents in both rental and ownership model properties.  
39 The governance council shall be made up of no more than 10  
40 percent of the overall population of the multifamily development.

1 The authority shall establish appropriate size limitations for  
2 governance councils based on the size of the developments that  
3 they represent.

4 64722. An authority multifamily social housing development  
5 governance council shall have the following powers and  
6 responsibilities:

7 (a) Host regular meetings to gather feedback and perspective  
8 of residents.

9 (b) Provide the resident perspective to property management.

10 (c) Represent the interests of the development in biannual  
11 meetings with the board.

12 (d) Determine how to spend the development's allotted annual  
13 budget for common room amenities and social events.

14 (e) Participate in the approval of renovation projects.

15 (f) Other responsibilities as determined by the board.

16 64723. A multifamily social housing development governance  
17 council and the board may consult with a mission-driven nonprofit  
18 corporation or community land trust with appropriate experience  
19 for the purpose of establishing managerial policies and practices  
20 that align with the requirements of affordable housing and the need  
21 to provide suitable tenant protections.

### 22 CHAPTER 3. SOCIAL HOUSING PROGRAM

#### 23 Article 1. Program Design

24  
25  
26  
27 64724. (a) In all its operations, the authority is bound to  
28 revenue neutrality. The authority shall recuperate the cost of  
29 development and operations over the life of its properties through  
30 the mechanism of rent cross-subsidization.

31 (b) The authority shall prioritize development of property with  
32 the following characteristics:

33 (1) Vacant parcels.

34 (2) Underutilized parcels or redevelopment of underutilized  
35 parcels without affordability covenants or rent-controlled units.

36 (3) Surplus public properties.

37 (4) Parcels near transit.

38 (c) (1) If the development of a property requires the  
39 rehabilitation or demolition of covenanted affordable units, the

1 new development shall include a greater number of affordable  
2 units by income group than the previous property.

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

5 (d) If the development of a property requires the removal of  
6 residents from the property, the authority shall cover the temporary  
7 relocation costs of these residents, including, but not limited to,  
8 the following:

9 (1) Costs of searching for a new residence.

10 (2) Moving costs.

11 (3) Any differences between the resident's previous rent at the  
12 property and their rent during the authority development period.

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

17 (f) If a displaced resident chooses not to occupy the new social  
18 housing development, the authority is not obligated to pay the  
19 difference between new and old rents, as described in subdivision  
20 (d), after the displaced resident could otherwise have begun  
21 occupying the property.

22 64726. The authority shall make an annual determination of  
23 the required amount of social housing units to be produced in the  
24 following manner:

25 (a) Annual regional housing needs assessment targets shall be  
26 calculated as the total RHNA cycle targets for each jurisdiction  
27 divided by the length of the RHNA cycle. The authority shall  
28 update its calculations each year based on housing construction  
29 data submitted by jurisdictions to the Department of Housing and  
30 Community Development, ~~which the department shall provide to~~  
31 ~~the authority upon request.~~ *Development.*

32 (b) On or before January 1, 2027, and each year thereafter, the  
33 authority shall determine the gap between the previous year's  
34 regional housing needs assessment targets for very low income,  
35 low-income, moderate-income, and above-moderate income  
36 housing, as determined by the Department of Housing and  
37 Community Development and local councils of government, and  
38 actual housing construction, as determined by official local  
39 statistics.

1 (c) The authority shall split the very low income RHNA  
2 allocation into extremely low income and very low income  
3 allocations based on the latest available census or official survey  
4 data for the relevant jurisdiction.

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

10 64728. (a) In creating social housing, the authority shall  
11 employ two different leasing models, the rental model and the  
12 ownership model, consistent with the requirements of this title.

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

17 (c) In the ownership model, the authority shall extend a 99-year  
18 lease to individuals who commit to a minimum of five years of  
19 residence in the social housing unit. This lease shall be in the form  
20 of a limited equity arrangement. Following the five-year term, a  
21 resident operating pursuant to the ownership model may sell their  
22 interest in the social housing unit subject to the following  
23 conditions:

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

26 (2) If the authority does not exercise its right to purchase the  
27 unit, the unit may be sold by the owner to an eligible buyer subject  
28 to requirements established by the authority, provided that these  
29 requirements shall allow the resident to have a reasonable return  
30 on investment.

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

36 (e) The rents or the rates on a leasehold mortgage in a  
37 multifamily property shall be set according to the following  
38 requirements:

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

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

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

7 (f) Under the ownership model, the following conditions shall  
8 apply:

9 (1) The authority shall operate as a lender for residents who  
10 lease under the ownership model. Residents shall pay a 15-percent  
11 down payment. The purchase price of the property for a leasehold  
12 mortgage shall be set so that a monthly payment does not exceed  
13 30 percent of household income.

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

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

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

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

21 (h) Residents shall enjoy the following protections:

22 (1) Property managers shall provide a 48-hour notice before  
23 entering the resident's unit.

24 (2) Termination for nonpayment of rent requires a 14-day notice  
25 prior to eviction.

26 (3) Residents may recover abandoned properties within 60 days  
27 of receiving an eviction notice.

28 64730. Applicants to be residents and continuing residents  
29 shall meet the following eligibility requirements, as may be  
30 applicable to them:

31 (a) Except in the case of above-moderate income units, social  
32 housing units shall be the resident's sole residence.

33 (b) A potential resident shall prove that they have been living  
34 or working in California at the time of their application. The  
35 authority shall promulgate rules and criteria to determine the  
36 necessary residency or work qualifications solely for eligibility  
37 purposes, and these shall include sufficient qualifying criteria that  
38 do not discriminate against applicants based on their belonging to  
39 any protected class.



1 (c) Upon approval by the authority, or the applicable governance  
2 council if authorized by the authority, residents whose units are  
3 part of the ownership model may sublease their units. The authority  
4 shall prescribe the conditions pursuant to which a governance  
5 council may regulate subleasing.

6 (d) Residents under the rental model shall commit to one year  
7 of residence in the rental unit, after which a month-to-month  
8 tenancy may take effect. Residents under the ownership model  
9 shall commit to at least five years of residence in their unit.

10 (e) Under certain circumstances, a resident shall be allowed to  
11 interrupt residence requirements without penalty, including:

12 (1) Job relocation.

13 (2) Change in the household structure.

14 (3) Serious physical or mental illness.

15 (4) A mutually agreed-upon unit swap with another social  
16 housing resident within the same property pursuant to authority  
17 requirements.

18 (5) Other circumstances authorized by the authority or the  
19 governance council, to the extent authorized by the authority.

20 (f) If a resident interrupting ~~a residence~~ *their tenancy or*  
21 *leasehold mortgage* does not satisfy the requirements for an  
22 exception, the resident may be subject to one of the following  
23 penalties:

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

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

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

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

34 64732. (a) Subject to the requirements of subdivision (b), the  
35 authority shall use a lottery to select residents to be offered social  
36 housing residents from all qualifying applicants. *The lottery shall*  
37 *be structured by income categories and shall provide separate*  
38 *selection results for each category.*

39 (b) If residents of a property who were displaced during the  
40 authority's development of the property as social housing have

1 elected to lease a unit in the social housing, they shall be  
2 accommodated prior to offering units to others pursuant to  
3 subdivision (a).

4  
5 Article 2. Production of Housing  
6

7 64734. (a) The authority is authorized to conduct ground-up  
8 construction and rehabilitation of existing structures.

9 (b) The authority is authorized to dedicate building space to  
10 commercial use and may lease the space to qualifying small  
11 businesses and nonprofit corporations, pursuant to requirements  
12 established by the authority.

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

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

18 64735. (a) The authority shall accept a local jurisdiction's  
19 preference for a project parcel if all of the following conditions  
20 are met:

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

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

25 (3) The parcel offers comparable community amenities to all  
26 suitable alternatives.

27 (b) The authority shall seek input from the local jurisdiction's  
28 city council, board of supervisors, or planning agency, as  
29 applicable, on the following dimensions of an authority  
30 development:

31 (1) Specific site of development.

32 (2) Number of stories.

33 (3) Number of units.

34 (4) Development timeline.

35 64737. With regard to the participation of labor in the  
36 production and rehabilitation of housing, the following shall apply:

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

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

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

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

### Article 3. Acquisition

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

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

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

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

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

(d) Surplus public properties.

(e) Parcels near transit.

### CHAPTER 4. FUNDING

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

1     64752. (a) It is the intent of the Legislature to enact legislation  
 2 to provide financing for the activities of the authority through the  
 3 issuance of general obligations bonds.

4     (b) The authority may, from time to time, issue revenue bonds  
 5 in the principal amount that the agency determines necessary to  
 6 provide sufficient funds for financing social housing developments,  
 7 the payment of interest on these bonds, the establishment of  
 8 reserves to secure the bonds, and the payment of other expenditures  
 9 of the agency incident to, and necessary or convenient to, issuance  
 10 of the bonds.

11     (c) The board shall provide for regular audits of the authority's  
 12 accounts and records and shall maintain accounting records and  
 13 shall report accounting transactions in accordance with generally  
 14 accepted accounting principles adopted by the Governmental  
 15 Accounting Standards Board of the Financial Accounting  
 16 Foundation for both public reporting purposes and for reporting  
 17 of activities to the Controller.

18  
 19  
 20     REVISIONS: \_\_\_\_\_  
 21     Heading—Lines 1 and 2.  
 22     \_\_\_\_\_