

**ASSEMBLY BILL**

**No. 11**

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**Introduced by Assembly Member Lee**

December 2, 2024

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An act to add Title 6.91 (commencing with Section 64900) to the Government Code, relating to housing.

LEGISLATIVE COUNSEL'S DIGEST

AB 11, as introduced, Lee. The Social Housing Act.

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 ensure that social housing developments that are produced and acquired align with the goals of eliminating the gap between housing production and regional housing needs assessment targets and preserving affordable housing. 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 or authorized by the authority would be owned by the authority.

This bill would prescribe the composition of the California Housing Authority Board, which would govern the authority, and which would be composed of appointed members and members who would be elected by residents of social housing developments, as specified. The bill

would set forth the powers and duties of the authority and the board, including the requirement that the authority and the board annually prepare and submit a business plan and related information to the Governor and Legislature, as specified. The bill would also require the board to provide for regular audits of the authority's accounts and records, as specified. The bill would require the authority to seek to achieve revenue neutrality, as defined, and would require the authority to seek to recuperate the cost of development and operations over the life of its properties through mechanisms that maximize the number of Californians who can be housed without experiencing rent burden.

This bill would require the authority to prioritize the development of specified property, including vacant parcels and parcels near transit, and would establish 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 have the right to 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 creating social housing, referred to as the rental model and the ownership model, and would specify the characteristics of both models. Under the rental model, the authority would extend a one-year lease to individuals who commit to a minimum of one year of residence and would require the authority to set rents, as specified. 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 for residents. The bill would specify how the units may be sold and transferred. The bill would establish eligibility requirements for social housing residents and would provide for the selection of residents by lottery, as specified, provided that people who may have been displaced from a property as part of its development would be granted a preference for occupancy. The bill, among other things, would require the authority to accept a local jurisdiction's preference for a project parcel if specified conditions are met.

This bill would establish the Social Housing Revolving Loan Fund within the State Treasury to provide, upon appropriation by the Legislature, zero-interest loans for the purposes of constructing housing to accommodate a mix of household incomes. The bill would declare the intent of the Legislature to enact subsequent legislation to provide

financing for the activities of the authority through the issuance of general obligation bonds. The bill would authorize the authority to issue revenue bonds, as specified.

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

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

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

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

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

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

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

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

26 (f) With such a great failure to meet the housing needs of  
27 California residents, the state has a duty to act and help localities  
28 fill the gap by financing publicly owned, affordable housing built  
29 sustainably, based on the widely successful Vienna and Singapore  
30 models and many other successful models of mixed-income rental  
31 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 help eliminate the gaps between housing production and acquisition and regional housing needs assessment targets in all jurisdictions throughout the state. The authority shall be responsible for developing, owning, and maintaining social housing in California. Social housing is publicly owned, mixed-income housing, removed from market forces and speculation, and built with the express aim of housing people equitably and affordably. Under public control and oversight, social housing is sustainable and remains affordable in perpetuity.

(h) It is the intent of the Legislature in enacting this legislation 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 that no Californian pays more than 30 percent of their income on housing by the year 2050.

SEC. 2. Title 6.91 (commencing with Section 64900) is added to the Government Code, to read:

## TITLE 6.91. THE SOCIAL HOUSING ACT

### PART 1. GENERAL PROVISIONS

#### CHAPTER 1. TITLE

64900. This title shall be known, and may be cited, as the Social Housing Act.

#### CHAPTER 2. DEFINITIONS

64901. Unless the context demands otherwise, the definitions provided by this chapter shall apply to this title.

64902. “Above moderate income” means income for households that exceeds the moderate-income level, as described in Section 50093 of the Health and Safety Code.

64903. “Area median income” means area median income as published by the Department of Housing and Community

1 Development pursuant to Section 50093 of the Health and Safety  
2 Code.

3 64904. “Authority” or “CHA” means the California Housing  
4 Authority, an independent state body established by this title for  
5 the purpose of developing social housing for all California  
6 residents.

7 64905. “Board” means the California Housing Authority Board.

8 64906. “Cost rent” means a system in which the rent of a  
9 dwelling is calculated on the cost of providing for and maintaining  
10 the dwelling, only allowing for limited or no proceeds.

11 64907. “Extremely low income” means income that does not  
12 exceed the qualifying limits for extremely low income households,  
13 as described in Section 50106 of the Health and Safety Code.

14 64908. “Limited equity arrangement” means an ownership  
15 model in which residents are extended a long-term lease of a unit,  
16 take out a subsidized leasehold mortgage on the property from the  
17 authority, make monthly mortgage payments, and commit to resell  
18 at a price determined by a formula designed to balance ongoing  
19 affordability and resident wealth generation.

20 64909. “Low income” means income for households that does  
21 not exceed the qualifying limits for lower income households, as  
22 described in Section 50079.5 of the Health and Safety Code.

23 64910. “Moderate income” means income for households of  
24 low or moderate income whose income exceeds the income limit  
25 for lower income households, as described in Section 50093 of  
26 the Health and Safety Code.

27 64911. “Multifamily property” means a collection of units  
28 featuring extremely low income, very low income, low-income,  
29 moderate-income, and above moderate-income units. A multifamily  
30 property may be a single building, multiple buildings on the same  
31 or adjacent parcels, or multiple buildings across several blocks  
32 within a single jurisdiction, or as may be defined by the authority.

33 64912. “Regional housing needs assessment” or “RHNA”  
34 means a representation of housing needs for all income levels in  
35 a jurisdiction pursuant to Article 10.6 (commencing with Section  
36 65580) of Chapter 3 of Division 1 of Title 7.

37 64913. “Rent and mortgage cross-subsidization” means a  
38 system in which the below-cost rents and leasehold mortgages of  
39 certain units are balanced by above-cost payments on other units

1 within the same multiunit property so as to ensure the property's  
2 overall revenue meets development and operational costs.

3 64914. "Revenue neutrality" means a system in which all  
4 monetary expenditures that result from the development and  
5 operation of social housing owned by the authority are returned  
6 to the authority through rents, payments on leasehold mortgages,  
7 or other subsidies, to further the maintenance and development of  
8 more social housing units.

9 64915. "Social housing" means housing with the following  
10 characteristics:

11 (a) (1) The housing units are owned by a government entity  
12 such as the California Housing Authority, a public entity, or a local  
13 housing authority.

14 (2) For the purposes of this title, all social housing developed  
15 or authorized by the authority shall be owned by the authority.

16 (b) If a housing unit is in a social housing development, the  
17 development contains housing units that accommodate a mix of  
18 household income ranges, including extremely low income, very  
19 low income, low income, moderate income, and above moderate  
20 income.

21 (c) Residents of housing units are afforded, at a minimum, all  
22 protections granted to tenants with tenancies in private property  
23 under Section 1946.2 of the Civil Code, including protection  
24 against termination without just cause or for any discriminatory,  
25 retaliatory, or other arbitrary reason, and shall be afforded due  
26 process prior to being subject to eviction procedures, in addition  
27 to other protections provided by this title.

28 (d) The housing units shall be protected for the duration of their  
29 useful life from being sold or transferred to a private for-profit  
30 entity to prevent the privatization of social housing.

31 (e) Residents of the housing units have the right to participate  
32 directly and meaningfully in decisionmaking affecting the operation  
33 and management of their housing units.

34 64916. "Very low income" means income that does not exceed  
35 the qualifying limits for very low income households, as described  
36 in Section 50105 of the Health and Safety Code.

37 64917. "Underutilized parcel" means a parcel of property upon  
38 which is built a structure that contains fewer units than the  
39 maximum number of units permissible under local zoning  
40 regulations.

1           PART 2. CALIFORNIA HOUSING AUTHORITY

2  
3           CHAPTER 1. CREATION, POWERS, AND DUTIES

4  
5                   Article 1. Creation

6  
7       64920. (a) The California Housing Authority is hereby created.  
8       The authority shall be governed by the California Housing  
9       Authority Board.

10      (b) The core mission of the authority shall be to ensure that  
11      social housing developments that are produced and acquired align  
12      with the goals of eliminating the gap between housing production  
13      and regional housing needs assessment targets, and preserving  
14      affordable housing.

15  
16                   Article 2. Powers

17  
18      64921. The authority shall have the following general powers:

19      (a) Sue and be sued.

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

21      (c) Enter into contracts and execute other instruments necessary  
22      or convenient for the exercise of its powers to perform its mission.

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

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

31      (f) Acquire, by grant or purchase, property or any interest therein  
32      and own, hold, clear, improve, rehabilitate, sell, assign, exchange,  
33      lease, or otherwise dispose of or encumber the same.

34      (g) Enter into development partnerships with municipalities,  
35      joint powers of authority, and other public and private entities in  
36      order to further its social housing development goals.

37      (h) Arrange for the planning, opening, grading, or closing of  
38      roads or other places, for the furnishing of facilities, or for the  
39      furnishing of property or services in connection with a project.

1 (i) Prepare project plans for any project, and from time to time  
2 modify those plans.

3 (j) Provide advisory, consultative, training, and educational  
4 services, technical assistance, and advice to any person, partnership,  
5 or corporation, either public or private, to carry out its mission,  
6 and to contract with consultants provision of professional and  
7 technical assistance and advice.

8 (k) Accept funding in any form from any source.

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

11  
12 Article 3. Duties

13  
14 64922. (a) The authority shall implement and advise on the  
15 social housing program, as prescribed by Chapter 3 (commencing  
16 with Section 64933), and is hereby granted all powers necessary  
17 for this purpose.

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

20 (1) Property managers shall abide by standards of responsiveness  
21 to resident needs prescribed by the authority.

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

24 64923. (a) The authority shall prepare, publish, adopt, and  
25 submit to the Governor and the Legislature an annual business  
26 plan. At least 60 days prior to the publication of the plan, the  
27 authority shall publish a draft business plan for public review and  
28 comment. The draft plan shall also be submitted to the Governor  
29 and the Legislature.

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

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

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

37 (3) An estimate and description of the anticipated funds the  
38 authority intends to leverage to fund the construction and operation  
39 activities, and the authority's level of confidence for obtaining  
40 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 and submit to the Legislature an analysis on the effect of  
5 its developments on gentrification. The report of the analysis shall  
6 be subject to public comment and shall be considered by the board  
7 for future decisionmaking.

8 (d) On or before December 31 of each year, the authority shall  
9 provide an annual update to the Legislature on its progress, which  
10 shall include relevant resident statistics once social housing  
11 developments owned by the authority are occupied.

12 (e) The reports and annual updates that this section requires the  
13 authority to provide to the Legislature shall be submitted in  
14 compliance with Section 9795.

15  
16 CHAPTER 2. CALIFORNIA HOUSING AUTHORITY GOVERNANCE

17  
18 Article 1. Formation and Structure of Governing Board

19  
20 64924. (a) The board shall be composed of all of the following:

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

22 (2) An expert in housing construction.

23 (3) An expert in property maintenance.

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

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

26 (6) An appointee of the Governor.

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

29 (b) All appointees shall serve at the pleasure of their respective  
30 appointing authorities. The Governor shall appoint the experts in  
31 housing development and finance, housing construction, and  
32 property maintenance, whose appointments shall be subject to  
33 confirmation by Senate approval by majority vote.

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

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

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

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

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

64925. All board decisions shall be approved by majority vote.

64926. The board shall select a board chair, who may hold special powers as determined by members of the board.

64927. The board is a state body for purposes of the Bagley-Keene Open Meeting Act (Article 9 (commencing with Section 11120) of Chapter 1 of Part 1 of Division 3 of Title 2).

## Article 2. Board Powers and Duties

64928. The duties of the board include, but are not limited to, all of the following:

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

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

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

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

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

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

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

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

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

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

5 (k) Following an initial trial period, create and make public an  
6 annual business plan as described in Section 64923.

7 (l) Hold biannual meetings with resident governance councils.  
8 64929. The executive officer of the board shall have all of the  
9 following powers and duties:

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

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

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

17 (d) Ensure the effectiveness of the authority's operational  
18 systems, including financial management, human resource  
19 management, information systems management, risk management,  
20 communications, marketing, fundraising, asset management, and  
21 reporting.

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

25 (f) Ensure compliance with applicable law and governmental  
26 policies.

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

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

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

34 (j) Interact with and, where appropriate, report to the Governor  
35 and the Legislature.

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

1 Article 3. Resident Governance Councils

2  
3 64930. Each multifamily social housing development owned  
4 by the authority shall form a governance council, which shall  
5 include residents in both rental and ownership model properties.  
6 The governance council shall be made up of no more than 10  
7 percent of the overall population of the multifamily development.  
8 The authority shall establish appropriate size limitations for  
9 governance councils based on the size of the developments that  
10 they represent.

11 64931. An authority multifamily social housing development  
12 governance council shall have the following powers and  
13 responsibilities:

14 (a) Host regular meetings to gather feedback and perspective  
15 of residents.

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

17 (c) Represent the interests of the development in biannual  
18 meetings with the board.

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

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

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

23 64932. A multifamily social housing development governance  
24 council and the board may consult with outside parties with  
25 appropriate experience for the purpose of establishing managerial  
26 policies and practices that align with the requirements of affordable  
27 housing and the need to provide suitable tenant protections.

28  
29 CHAPTER 3. SOCIAL HOUSING PROGRAM

30  
31 Article 1. Program Design

32  
33 64933. (a) In all its operations, the authority shall seek to  
34 achieve revenue neutrality over the long term. The authority shall  
35 seek to recuperate the cost of development and operations over  
36 the life of its properties through the mechanisms that maximize  
37 the number of Californians who can be housed without  
38 experiencing rent burden, such as rent cross-subsidization or cost  
39 rent.

1 (b) (1) The authority shall develop regional target percentages  
2 for extremely low income, very low income, and low-income  
3 housing that seek to maximize low-income housing within the  
4 constraints of long-term revenue neutrality and maintaining  
5 sufficient operational, maintenance, and capital reserves. The  
6 methodology for low-income housing maximization in each  
7 development region shall be explained at a board meeting and shall  
8 be subject to public comment.

9 (2) Priority consideration for the use of the authority's proceeds  
10 shall be given to the building and acquiring of social housing units,  
11 and subsidies for extremely low income, very low income, and  
12 low-income residents in affordable units.

13 (c) The authority shall prioritize development of property with  
14 all of the following characteristics:

15 (1) Vacant parcels.

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

18 (3) Surplus public properties.

19 (4) Parcels near transit.

20 (d) (1) If the development of a property requires the  
21 rehabilitation or demolition of covenanted affordable units, the  
22 new development shall include a greater number of affordable  
23 units by income group than the previous property.

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

26 (e) If the development of a property requires the removal of  
27 residents from the property, the authority shall cover the temporary  
28 relocation costs of these residents, including, but not limited to,  
29 all of the following:

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

31 (2) Moving costs.

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

34 (f) Residents who are displaced during the authority's  
35 development of the property shall have the right to live in the new  
36 social housing property for their previous rent for the period of  
37 one year, or the authority's established rent for the resident's  
38 income level, whichever is lower.

39 (g) If a displaced resident chooses not to occupy the new social  
40 housing development, the authority is not obligated to pay the

1 difference between new and old rents, as described in subdivision  
2 (e), after the displaced resident could otherwise have begun  
3 occupying the property.

4 64934. The authority shall make an annual determination of  
5 the required amount of social housing units to be produced in the  
6 following manner:

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

13 (b) On or before January 1, 2029, and each year thereafter, the  
14 authority shall determine the gap between the previous year's  
15 regional housing needs assessment targets for very low income,  
16 low-income, moderate-income, and above moderate-income  
17 housing, as determined by the Department of Housing and  
18 Community Development and local councils of government, and  
19 actual housing construction, as determined by official local  
20 statistics.

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

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

31 64935. (a) In creating social housing, the authority shall  
32 employ two different leasing models, the rental model and the  
33 ownership model, consistent with the requirements of this title.

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

38 (c) The rents or the rates on a leasehold mortgage in a  
39 multifamily property shall be set according to all of the following  
40 requirements:

1 (1) The authority shall strive to ensure that residents do not pay  
2 more than 30 percent of their income for housing.

3 (2) Any rental adjustments applied shall be applied in a manner  
4 that does not discourage the residents' pursuit of higher income.

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

9 (4) For cost rentals, the authority will determine a reasonable  
10 proceeds cap on rental units. Priority consideration for the use of  
11 the authority's proceeds shall be given to the building and acquiring  
12 of social housing units, and subsidies for extremely low income,  
13 very low income, and low-income residents in affordable units.

14 (d) In the ownership model, the authority shall extend a 99-year  
15 lease to individuals who commit to a minimum of five years of  
16 residence in the social housing unit. This lease shall be in the form  
17 of a limited equity arrangement.

18 (e) Under the ownership model, upon the death of the owner of  
19 the social housing unit, the unit may be transferred to the  
20 deceased's heir by devise or as any other real property may pass.  
21 If a transferee is not eligible to be a resident, the transferee shall  
22 sell the unit to the authority.

23 (f) Under the ownership model, all of the following conditions  
24 shall apply:

25 (1) The estate's land and common areas will be owned by the  
26 authority.

27 (2) The authority may operate as a lender for residents.

28 (3) Buyers shall pay at least a 15-percent downpayment.

29 (4) Housing units may only be sold after meeting all of the  
30 following conditions:

31 (A) A minimum of five years of owner-occupancy.

32 (B) The authority shall have the right of first refusal to buy back  
33 a property.

34 (C) If the authority does not exercise its right to purchase the  
35 unit, the unit may be sold by the owner to an eligible buyer subject  
36 to requirements established by the authority.

37 (5) Properties shall be sold at a price that allows the owner to  
38 have a reasonable return on investment, which may include  
39 documented capital improvements and adjustments for inflation.

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

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

3 (2) Failure to pay rent for more than two months.

4 (h) Residents shall enjoy all of the following protections:

5 (1) Property managers shall provide a 24-hour notice before  
6 entering the resident's unit.

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

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

11 64936. Applicants to be residents and continuing residents  
12 shall meet all of the following eligibility requirements, as may be  
13 applicable to them:

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

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

23 (c) Upon approval by the authority, or the applicable governance  
24 council if authorized by the authority, residents whose units are  
25 part of the ownership model may rent their units. The authority  
26 shall prescribe the conditions pursuant to which a governance  
27 council may regulate renting.

28 (d) Residents under the rental model shall commit to one year  
29 of residence in the rental unit, after which a month-to-month  
30 tenancy may take effect. Residents under the ownership model  
31 shall commit to at least five years of primary residence in their  
32 unit.

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

35 (1) Job relocation.

36 (2) Change in the household structure.

37 (3) Serious physical or mental illness.

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



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

3 (f) If a resident interrupting their tenancy or leasehold mortgage  
4 does not satisfy the requirements for an exception, the resident  
5 may be subject to one of the following penalties:

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

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

10 (3) Ineligibility to reside in authority units for a period of five  
11 years, or as determined by the authority.

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

16 64937. (a) Subject to the requirements of subdivision (b), the  
17 authority shall use a lottery to select social housing residents from  
18 all qualifying applicants. The lottery shall be structured by income  
19 categories and shall provide separate selection results for each  
20 category.

21 (b) If residents of a property who were displaced during the  
22 authority's development of the property as social housing have  
23 elected to lease a unit in the social housing, they shall be  
24 accommodated prior to offering units to others pursuant to  
25 subdivision (a).

## 26 Article 2. Production of Housing

27  
28  
29 64938. (a) The authority is authorized to contract with qualified  
30 entities, in accordance with the authority's plan to meet its goals,  
31 to conduct ground-up construction and rehabilitation of existing  
32 structures.

33 (b) The authority is authorized to dedicate building space to  
34 commercial use and may lease the space to qualifying entities,  
35 pursuant to requirements established by the authority.

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

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

1     64939. (a) The authority shall accept a local jurisdiction's  
2 preference for a project parcel if all of the following conditions  
3 are met:

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

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

8     (3) The parcel offers comparable community amenities to all  
9 suitable alternatives.

10    (b) The authority shall seek input from the local jurisdiction's  
11 city council, board of supervisors, or planning agency, as  
12 applicable, on all of the following dimensions of an authority  
13 development:

14     (1) Specific site of development.

15     (2) Number of stories.

16     (3) Number of units.

17     (4) Development timeline.

### 18 19                               Article 3. Acquisition

20  
21     64941. The authority may acquire, reacquire, or contract to  
22 acquire or reacquire by grant or purchase real, personal, or mixed  
23 property or any interest therein and own, hold, clear, improve,  
24 rehabilitate, sell, assign, exchange, transfer, or otherwise dispose  
25 of or encumber the same.

26     64942. The authority shall prioritize acquiring or reacquiring  
27 property with all of the following characteristics:

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

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

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

35     (d) Surplus public properties.

36     (e) Parcels near transit.

CHAPTER 4. FUNDING

64943. The activities of the authority shall be conducted with a goal to cover its costs over the long term in accordance with the principle of revenue neutrality.

64944. The Social Housing Revolving Loan Fund is hereby established within the State Treasury to be used, upon appropriation by the Legislature, to provide zero-interest loans for the purpose of constructing housing to accommodate a mix of household incomes.

64945. (a) It is the intent of the Legislature to enact subsequent legislation to provide financing for the activities of the authority through the issuance of general obligation bonds.

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

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

64946. The authority may, upon appropriation by the Legislature, utilize funds from other legislation, cities and counties, or other sources, in order to build more low-, very low, and extremely low income housing.