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AB-437 Move-In Loan Program. (2019-2020)

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AMENDED IN ASSEMBLY APRIL 29, 2019

AMENDED IN ASSEMBLY MARCH 14, 2019

CALIFORNIA LEGISLATURE— 2019–2020 REGULAR SESSION

ASSEMBLY BILL

No. 437

Introduced by Assembly Member Wood

February 11, 2019

An act to add Chapter 5.5 (commencing with Section 50630) to Part 2 of Division 31 of the Health and Safety Code, relating to housing.

LEGISLATIVE COUNSEL'S DIGEST

AB 437, as amended, Wood. Move-In Loan Program.

Existing law requires the Department of Housing and Community Development to administer the California Emergency Solutions Grants Program and make grants under the program to qualifying recipients to implement activities that address the needs of homeless individuals and families and assist them to regain stability in permanent housing as quickly as possible, including grants for rental application fees and security deposits. Existing law requires the State Department of Social Services to award funds, as specified, to counties for the purpose of providing a current or certain past recipient of CalWORKs benefits specified housing supports, including financial assistance for, among other things, rent and security deposits.

This bill would establish the Move-In Loan Program for the purpose of providing grants to eligible nonprofit organizations to be used to provide no-interest loans to eligible applicants to afford the security deposit and first month's rent for a rental dwelling. The ~~bill~~ *bill, upon appropriation by the Legislature*, would require the Department of Housing and Community Development to administer the program and to determine the standards ~~for, and~~ *for the program, as specified, and would require the department to* control selection of, eligible nonprofit organization applicants to receive a grant to administer a loan program, as specified. The bill would authorize the department to require a recipient nonprofit organization to do, or to prohibit a recipient nonprofit organization from doing, an act, as may be necessary, to comply with state, federal, or local laws, the rules and regulations of the department, or the terms of a contract between the department and the nonprofit organization.

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

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

SECTION 1. Chapter 5.5 (commencing with Section 50630) is added to Part 2 of Division 31 of the Health and Safety Code, to read:

CHAPTER 5.5. Move-in Loan Program

50630. (a) There is hereby established the Move-In Loan Program for the purpose of providing grants to eligible nonprofit organizations to be used to provide no-interest loans to eligible applicants to afford the security deposit and first month's rent for a rental dwelling.

(b) ~~The~~ *Upon appropriation by the Legislature, the* department shall administer the program.

50630.1. (a) *A loan made pursuant to the program established by this chapter shall only be made to recipients with a household income that is no greater than the area median income in which the rental dwelling is located. For purposes of this subdivision, "area median income" means the median family income of a geographic area of the state, as annually estimated by the United States Department of Housing and Urban Development as described in Section 50093.*

(b) The department shall determine standards ~~for, and~~ *for the loan program, including the manner in which nonprofit organization applicants shall submit applications to the department. The department shall* control selection ~~of, of~~ eligible nonprofit organization applicants to receive a grant to administer a loan program pursuant to this chapter. A nonprofit organization applicant shall submit to the department for approval the following items:

(1) A loan servicing plan.

(2) Program guidelines that include the following:

(A) Loan application requirements that include the following:

(i) The loan applicant's documentation of income, including recent pay stubs.

(ii) The loan applicant's valid California driver's license number or valid California identification card number issued by the Department of Motor Vehicles.

(B) Eligibility requirements for ~~loan recipients, including a requirement that the income of the loan recipient is no greater than the area median income in which the rental dwelling is located. For purposes of this subparagraph, "area median income" means the median family income of a geographic area of the state, as annually estimated by the United States Department of Housing and Urban Development as described in Section 50093.~~ *a rental unit for which a loan is sought, including the following:*

(i) The rental unit is rented at or below a specified price.

(ii) The rental unit is at or below a specified number of square feet.

(iii) Any other requirement for a rental unit that the department deems necessary to fulfill the purposes of this chapter.

(C) *A maximum amount for a loan.*

(3) Loan document templates.

(4) Underwriting guidelines.

(5) Evidence of sufficient organizational stability and capacity to carry out a loan servicing program, including the capacity to manage a portfolio of individual loans over an extended time period. Capacity may be demonstrated by substantial successful experience performing similar activities, or through other means acceptable to the department.

~~(b)~~

(c) The department may require a recipient nonprofit organization to do, or may prohibit a recipient nonprofit organization from doing, an act, as may be necessary, to comply with state, federal, or local laws, the rules and

regulations of the department, or the terms of a contract between the department and the nonprofit organization.