

# MEMORANDUM

To: CalHFA Board of Directors

Date: 17 September 2003

From: Di Richardson, Director of Legislation  
CALIFORNIA HOUSING FINANCE AGENCY

Subject: Legislative Report

## Federal Activity

Our cosponsors for HR 284 and S 595, bills that would repeal the 10 Year Rule, continue to inch upwards. To date, we have secured 64% of the California delegation and just more than 69% of the entire Congress.

## State Activity

Last Friday, September 12, was the last day of session for 2003. Below is an update on some of the bills pending before the Governor, as well as some that have been enacted since my last report. As always, if you have any questions, please don't hesitate to give me a call at (916) 324-0801.

## CalHFA Sponsored Bills

SB 353 Ducheny California Housing Finance Agency.  
Status: 8/04/03 – SEN CHAPTERED Chaptered by Secretary of State – Chapter No. 193, Statutes of 2003

This bill would permit the California Housing Finance Agency to subordinate to other regulatory agreements, and would clarify the Agency's authority to finance loans secured by something other than the property.

AB 304 Mullin Housing: downpayment assistance.  
Status: 09/10/03 –To enrollment

This bill would increase the amount of downpayment assistance available under the Housing In Revitalized Areas Program (HIRAP) to up to 6% of the home sales price. Authorize the Agency to increase the amount of downpayment assistance available to qualified teachers and administrators under the Extra Credit Teachers Program in high housing cost areas of the state; increase the allowable income for CalHFA's Mortgage Insurance Program to make it consistent with the definition of affordable housing used by the GSE's; and place a reasonable cap on the purchase price of homes in "economically distressed" counties that are eligible for reimbursement of their school fees under the School Facility Fee Program. Technically, CalHFA is only the sponsor of the provisions dealing with the Mortgage Insurance Program and School Facility Fee Program, but the Agency worked closely with the author and sponsors on all aspects.

### Downpayment Assistance

SB 162 Alarcon Federal tax credits: housing teachers  
Status: 09/09/03 – To enrollment.  
This bill would expand the Extra Credit Teacher Home Purchase Program (ECTP), currently limited to credentialed teachers and administrators in low performing schools, to all classified school employees and other administrators that work within those schools. It would also change all references to “low performing school” to “high priority schools.”

### Prevailing Wage

SB 360 Romero Public works: prevailing wages: exclusions.  
Status: 09/09/2003 – Assembly Committee on Labor and Employment  
This bill was amended during the last week of session to provide affordable housing projects with a one year exemption from prevailing wage requirements. After intense lobbying on both sides, the author chose not to move the bill this year.

AB 852 Lieber Prevailing rate of per diem wages: determinations  
Status: ASM CHAPTERED Chaptered by Secretary of State – Chapter No. 343, statutes of 2003  
Existing law requires the Director of Industrial Relations to determine these wage rates and to provide these wage rates to an awarding body, as defined, that requests them. This bill would require the Director of Industrial Relations, upon a request by the state or political subdivision of the state, to determine and provide prevailing wage rates to the state or a political subdivision that agrees by contract with a private entity that that private entity’s employees, in performing the contract, receive the general prevailing rate of per diem wages and the general prevailing rate for holiday and overtime work. The Governor included a “signing message” that directed the Department to implement this bill using existing resources.

SB 966 Alarcon Public works and prevailing wages: contractor’s costs.  
Status: To enrollment.  
This bill would allow a contractor to recover increased costs from an awarding body that result from the work being classified a “public works” after the job has begun.

### Regional Government

AB 1426 Steinberg Affordable housing: greater Sacramento region.  
Status: 09/08/2003 – SEN THIRD READING  
This bill would generally require every city and every county within the greater Sacramento region, as defined, that issues building permits for residential units to require or otherwise cause at least 5% of the aggregate amount of these new residential units to be affordable to, and occupied by, very low income households, and at least 5% of the aggregate amount of these new residential units to be affordable to, and occupied by, low-income households. Because of last minute opposition from the building industry and others, the author agreed to hold this bill over until next year.

## **LOCALITY INVOLVEMENT**

The City of Oxnard (the "City") is providing a thirty-three year, \$860,000.00 residual receipt loan (the "City Loan") for the development of the Project. A Grant Agreement between the Borrower and the City restricts occupancy to very-low income families earning less than fifty percent of median income. The authorizing planning resolution includes special conditions that restrict all of the units to families earning 50% or less of AMI. In addition, the zoning resolution requires all of the units to be rented to farmworker families. The City loan and all occupancy restrictions are required to be subordinate to the CalHFA financing and regulatory agreement.

## **STATE INVOLVEMENT**

The Department of Housing and Community Development ("HCD") has committed a \$2,736,128 loan under the Joe Serna Jr. Farmworker Housing Grant and Loan Program. This 40-year loan is a 3% simple interest deferred loan. The loan will restrict occupancy on 39 of the units to eligible farmworker families earning 60% or less of AMI. The HCD loan and regulatory agreement will be subordinate to the CalHFA financing and regulatory provisions.

## **FEDERAL INVOLVEMENT**

The USDA, Department of Rural Development ("RD") is providing a \$1,100,000 section 514 Farm Labor Housing Loan at 1% amortized over 33-years. The section 514 program provides subsidized financing for the development of on, or off-farm rental developments for very-low and low income farmworker families. At least one of the family members must receive a substantial portion of income from farm labor employment. The section 514 loan, deed restrictions and regulatory provisions will be subordinate to the CalHFA financing and regulatory agreement at permanent loan closing.

RD will also provide project-based tenant rent subsidy with section 521 Rental Assistance (RA) for 39 farm worker units for five years, with five year renewals anticipated thereafter. The Borrower shall be required to seek and accept renewals of RD Rental Assistance. Eligible families will pay 30% of their gross income (the "tenant portion"), and Rental Assistance will subsidize the remainder to 60% of area median income. The RD Rental Assistance renewals are not guaranteed so the CalHFA First Mortgage has been underwritten assuming that 11 households could afford rents at 40% of AMI and 41 households could afford rents at 50% of AMI. The projected income derived from Rental Assistance is adequate to debt service the CalHFA second mortgage over ten years.

## **OTHER INVOLVEMENT**

Rural Community Assistance Corporation will provide construction and permanent financing in the amount of \$750,000 at 1%. The loan shall mature in 33 years – but is fully amortized and paid off in 2029. A condition of this loan is for the Project to provide tenants with free health screening and related health education classes.

## **OTHER FINANCING**

The California Department of Housing and Community Development is providing the project a \$5,509,905 residual receipt MHP loan for 55 years at 3% interest, and a \$2,000,000 residual receipt Joe Serna Jr. Farmworker Housing Grant for 40 years at 3% interest.

The project has received an AHP grant (via Bank of America) for \$507,600 for 30 years at 0% interest.

## **PROJECT DESCRIPTION**

### **Project Location**

The project is located at the northeast corner of Sand Creek Road and Highland Way in Brentwood, Contra Costa County (approximately one-half mile east of the Highway 4 bypass). The City of Brentwood is located 24 miles west of Stockton, 26 miles southeast of Concord, and 54 miles east of San Francisco in the northeastern portion of Contra Costa County. State Highway 4 runs through the city.

The project is bounded by a construction site for single family homes to the north, to the east is vacant land (which will be a public park), to the south across Sand Creek Road are single family homes, to the southwest is a commercial center (which includes a grocery store), and to the west is vacant land (and one-half mile beyond State Highway 4 bypass).

### **Site**

The project site is 8 acres and is zoned PD-6 (Planned Development) which is sufficient to construct the 96-unit family apartments. The zoning allows for a maximum density of 20 units per acre. The site is level and vacant. Street frontage is along Sand Creek Road.

### **Improvements**

The project will consist of 96 units in 14 two-story buildings (garden and town home style), a 3,100 square foot community building and a small maintenance building. The buildings will be on slab on grade, with wood frame construction, Hardi-plank siding, and fiber reinforced cement tile roofs.

The project will have 205 parking spaces (96 covered and 109 uncovered), laundry rooms, a tot lot, and a basketball court. The project will be gated with secure access. The community building will house a manager's office and a neighborhood daycare center that will be available to tenants and area residents.

Unit amenities include central heat and air conditioning, refrigerator, range, dishwasher, and patio. The units will be individually metered for electricity and gas. The three and four bedroom units will also have washer/dryer hook-ups.

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- A) 2 Governor's Appointees (Tenant Representative)**
- B) 1 Speaker of Assembly Appointee (Representing General Public)**

**\*Non-voting  
rev:9/10/03(jojo)**