



REPORTS

1. LEGISLATIVE REPORT 205

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State of California

MEMORANDUM

To: CalHFA Board of Directors

Date: 24 July 2007

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

Subject: Legislative Report

This report is limited to bills that are still moving. Still no budget, but others bills are moving. As always, if you have any questions, please feel free to contact me at 916.324.0801.

CalHFA Sponsored

AB 929 (Runner, Sharon) - California Housing Finance Agency: bonds

Last Amend: 04/09/2007

Status: Passed Assembly 3 May 2007 (70-0); passed Senate Transportation and Housing Committee 19 June 2007 (9-1); passed Senate Appropriations 2 July 2007 (11-0); pending on the Senate Floor.

Summary: This bill would increase the amount of debt CalHFA may have outstanding by \$2 billion (from \$11.15 billion to \$13.15 billion).

Bonds

AB 927 (Saldana) - Multifamily Housing Program

Last Amend: 06/26/2007

Status: Pending on the Senate Floor.

Summary: This bill would require, effective January 1, 2008, that a portion of the assistance provided to a project under the Multifamily Housing Program to be expended for senior rental housing developments in the same proportion as the number of lower income elderly renter households in the state bears to the total number of lower income renter households in the state, as reported by the federal Department of Housing and Urban Development on the basis of the most recent decennial census conducted by the United States Census Bureau.

AB 1053 (Nunez) - Housing and Emergency Shelter Trust Fund Act of 2006

Last Amend: 7/17/2007

Status: Pending in Senate Appropriations Committee

Summary: This bill would divide the Regional Planning, Housing, and Infill Incentive Account (\$850 million) from Proposition 46 as follows:

- \$100 million to CalReUse, for Brownfield clean up that promotes infill housing development. The Center for Creative Land Recycling has administered this program statewide.
- \$550 million to HCD for competitive grants to cities for infrastructure directly related or integral to mixed income infill housing.
- \$100 million to MHP for the rehabilitation or construction of infill rental housing with a priority given to severely distressed public housing units.
- \$100 million to HCD for the Workforce Housing Rewards Program to provide funds to local agencies that issue building permits for a housing development that conforms to certain residential and location requirements and includes elements likely to achieve a reduction in greenhouse gas emissions.

AB 1091 (Bass) - Transit-Oriented Development Implementation Program

Last Amend: 7/17/2007

Status: Pending in Senate Appropriations Committee.

Summary: Proposition 46 allocated \$300 million to the Transit Oriented Development Account, administered by HCD. This bill would substantially revise the housing requirements for grants for the provision of infrastructure necessary to support a higher density development project within close proximity to a transit station. This bill would authorize the department to grant financial assistance, to local governments, redevelopment agencies, and transit agencies for providing the infrastructure necessary for the development of higher density uses, including residential uses, within 1/2 mile of the entrance to a transit station.

AB 1252 (Caballero) - Housing Urban-Suburban-and-Rural Parks Account

Last Amend: 7/17/2007

Status: Pending in Senate Appropriations Committee.

Summary: This bill would create the Housing-Related Parks Program within the HCD, using funds allocated, upon appropriation by the Legislature, from the Housing Urban-Suburban-and-Rural Parks Account within Prop 1C, to provide grants to cities and counties for the creation or rehabilitation of parks in conjunction with eligible housing projects. This bill would have originally allocated those funds the Department of Parks and Recreation, but the author agreed to take amendments proposed by the Administration that instead placed administration of those funds with HCD.

AB 1460 (Saldana) - Multifamily Housing Program: project prioritization

Last Amend: 7/18/2007

Status: Pending in Senate Appropriations Committee.

Summary: This bill would require the Department of Housing and Community Development to, with regard to the Multifamily Housing Program, award reasonable priority points for projects to prioritize sustainable building methods established in accordance with certain criteria listed under state regulations relating to federal and state low-income housing tax credits.

SB 46 (Perata) - Housing and Emergency Shelter Trust Fund Act of 2006: Regional Planning, Housing, and Infill Incentive Account

Last Amend: 7/16/2007

Status: Passed Senate 06/07/2007 (24-12); pending committee assignment in the Assembly.

Summary: This bill would require the Department of Housing and Community Development, upon appropriation by the Legislature of the funds in the Regional Planning, Housing, and Infill Incentive Account (\$850 million), to establish and administer a competitive grant program to allocate those funds to selected qualifying infill projects for capital outlay related to infill housing development and related infill infrastructure needs, in amounts of not less than an unspecified amount and not more than an unspecified amount per project per annual funding cycle. Simply put, this bill would establish the process to distribute funds from the \$850 million Regional Planning, Housing and Infill Incentive Account contained in Proposition 1C, and is intended to provide incentives for efficient land-use policy that rejects sprawl in favor of urban infill development.

SB 86 (Committee on Budget and Fiscal Review) - State government.

Last Amend: 07/19/2007

Status: 07/21/2007-Urgency clause refused adoption. Senate refuses to concur in Assembly amendments. (Ayes 25, Noes 13.) Motion to reconsider made by Senator Romero. Reconsideration granted.

Summary: This is a "budget trailer bill" and contains several programmatic changes needed to implement the current budget. This bill currently contains language needed to implement the Regional Planning, Housing, and Infill Incentive Account (\$850 million). This bill will likely contain a compromise between, and move in place of SB 46 and AB 1053.

SB 546 (Ducheny) - Department of Housing and Community Development: bond fund expenditures: report

Last Amend: 06/25/2007

Status: Pending Assembly Appropriations Suspense File.

Summary: This bill would require that cumulative information on programs funded under the Housing and Emergency Shelter Trust Fund Acts of 2002 and 2006 be included in the Department of Housing and Community Development's annual report.

SB 586 (Dutton) - Affordable Housing Innovation Fund: California Affordable Housing Revolving Development and Acquisition Program

Last Amend: 7/12/2007

Status: Set for hearing in Assembly Committee on Housing and Community Development 8/22/07.

Summary: This bill would allocate the \$100 million in the Affordable Housing Innovation Fund created by Prop 1C. It would appropriate \$50 million to the California Affordable Housing Revolving Development and Acquisition Program; \$5 million for the Construction Liability Insurance Reform Pilot Program proposed under AB 792 of the 2007-08 Regular Session (if that program is established); \$35 million for a local housing trust fund matching grant program; \$5 million for the School Housing Program, and \$5 million for the Mobilehome Park Resident Ownership Program. The bill would require the department to grant certain preferences and priorities when awarding the \$35 million under the local housing trust fund matching grant program.

Homelessness

ACR 61 (Lieber) – Joint Committee on Homelessness in California.

Last Amend: Introduced

Status: Pending Committee assignment in Assembly.

Summary: This measure would establish the Joint Committee on Homelessness in California, to study and investigate issues relating to homelessness, which would consist of five Assembly Members appointed by the Speaker of the Assembly and five Senators appointed by the Senate Committee on Rules.

Land Use

AB 641 (Torricono) - Developer fees

Last Amend: 06/0728/2007

Status: Pending on the Senate Floor.

Summary: Prohibits local governments from requiring the payment of local school construction fees before the developer has received a certificate of occupancy, for any housing development in which at least 49% of the units are affordable to low- or very low-income households.

AB 987 (Jones) - Low and Moderate Income Housing Fund: affordability covenants and restrictions

Last Amend: 7/3/2007

Status: Pending on the Senate Floor.

Summary: This bill would require the covenants and restrictions associated with the housing funded by a redevelopment agency using its low- and moderate-income housing funds, to be enforceable by any person or family of low or moderate income. Despite the existence of covenants currently recorded on these properties, the sponsors and other housing advocates contend that subsequent owners do not always abide by those covenants, and violations sometimes go unenforced. As part of an agreement between the sponsor and the California Redevelopment Association, the additional recording requirement required by this bill will only apply prospectively from the date of enactment. In response to the Governor's veto of a similar bill last year (AB 2922), the author's staff stated that this bill no longer grants standing to "any interested party." Instead, it more

narrowly extends standing to low to moderate income persons with a direct interest in the housing, as actual or potential tenants or owners. This issue was discussed again in Senate Transportation and Housing Committee, and the author committed to amending the bill to limit standing to any low or moderate income person directly impacted by the loss of those units. On June 19, 2007, AB 987 was amended to state that the covenants and restrictions could be enforceable by any of the following:

- The redevelopment agency.
- The community.
- A resident of a unit subject to this subdivision.
- A residents' association with members who reside in units subject to this subdivision.
- An applicant for a unit subject to this subdivision who is of low or moderate income and who is able and willing to occupy a unit.
- A person on an affordable housing waiting list who is of low or moderate income, and who is able and willing to occupy a unit.

SB 303 (Ducheny) - Local government: housing.

Last Amend: 6/25/2007

Status: Held under submission in Assembly Local Government.

Summary: This bill would require the general plan, and each of its elements to encompass a planning and projection period of at least 20 years, except for the housing and open-space elements, and would require each element, except for the housing and open-space elements, to be updated at least every five years. This bill would require the housing element to be updated, and would require the conservation element and the open-space element to be updated concurrently with the housing element.

Misc

AB 239 (DeSaulnier) - Recording fees: Contra Costa and San Mateo Counties.

Last Amend: 04/30/2007

Status: Pending in Assembly Local Government Committee, no hearing date set.

Summary: This bill would authorize the Contra Costa County Board of Supervisors or the San Mateo Board of Supervisors to additionally charge a flat fee of not more than \$25 for each document that is recorded, if the document is in excess of one page, for every real estate instrument, as defined, paper, or notice required or permitted by law to be recorded in Contra Costa County or San Mateo County. The bill would require the Contra Costa County Board of Supervisors or the San Mateo County Board of Supervisors, if it charges this fee, to establish a fund for deposit of the moneys raised by the increase, which shall be used to assist in the development of affordable housing for very low income households, lower income households, and moderate-income households. Opponents argue that it is inequitable to require only those individuals that record a document to fund affordable housing. If it is deemed necessary to implement some type of funding mechanism to general affordable housing funds, it should be as broad an application as possible.

AB 793 (Strickland) - Property taxation: affordable housing assessments.**Last Amend:** 04/10/2007**Status:** Passed Assembly 06/05/2007 (75-0); currently pending hearing before Senate Revenue and Taxation Committee.

Summary: Existing law rebuttably presumes that the fair market value of real property, other than possessory interests, is the purchase price paid in the transaction for the property. For purposes of this presumption, existing law defines "purchase price" as the total consideration provided by the purchaser or on the purchasers behalf, valued in money, whether paid in money or otherwise. Existing law requires the county assessor to consider, when valuing real property for property taxation purposes, the effect of any enforceable restrictions to which the use of the land may be subjected. This bill would exclude from the meaning of purchase price, for purposes of the rebuttable presumption that the purchase price of real property is the fair market value of the property. This bill would also require the county assessor to consider, when valuing real property for property taxation purposes, restrictions on the resale price of real property in a recorded real property deed or other recorded real property transfer document for real property that was purchased by its occupant through an affordable housing program operated by a city, a county, the state, or a nonprofit organization.

AB 1020 (Runner, Sharon) - Recordation: change of ownership.**Last Amend:** 7/17/2007**Status:** Pending in Senate Committee on Appropriations.

Summary: Existing property tax law specifies those circumstances in which the transfer of ownership interests results in a change in ownership of the real property, and provides that certain transfers do not result in a change of ownership. This bill would provide that the recordation of a certificate of sale pursuant to specified provisions of law relating to property sold subject to a right of redemption does not constitute a change of ownership. The author states that this bill is a technical bill that provides County Recorders with the legal tools necessary for effectively carrying out their duties with regard to public agencies, and it clarifies when a change in ownership occurs during a foreclosure proceeding.

SB 707 (Ducheny) - Housing loan conversions.**Last Amend:** 6/21/2007**Status:** Pending on the Assembly Appropriations Suspense File.

Summary: This bill would authorize HCD and CalHFA to modify and extend the term of existing multifamily housing loans made under older loan programs.

Mortgage Lending

SB 385 (Machado) - Real estate: mortgages: real estate brokers**Last Amend:** 6/21/2007**Status:** Pending on the Assembly Appropriations Suspense File.

Summary: This bill would require the Commissioner of Financial Institutions to apply federal guidance to all state-regulated financial institutions, including, but not limited to, privately insured, state-chartered credit unions, and would authorize the commissioner to issue emergency and final regulations for clarification purposes . The bill would also require the Commissioner of Real Estate and the Commissioner of Corporations to apply that guidance to real estate brokers and licensees, respectively, and would authorize those commissioners to adopt emergency and final regulations or rules for clarification purposes, as specified. The bill would require the Secretary of Business, Transportation and Housing to ensure that these commissioners coordinate their policymaking and rulemaking efforts.

