

State of California

MEMORANDUM

To: CalHFA Board of Directors Date: 4 March 4, 2013

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

Subject: Legislative Report

This year, the Legislature seemed really slow getting started. The majority of bills that were introduced were introduced in the last two or three days before the deadline, and most bills don't have much meat on the bones yet. As you can see from the report below, the Legislature continues to grapple with the wind down of redevelopment agencies and what to do with the housing resources. As always, please let me know if you have any questions.

CalHFA

AB 984 (Chau D) The California Finance Agency.
Status: 2/25/2013-Read first time.

Summary: Existing law provides that there is the California Housing Finance Agency in the Department of Housing and Community Development administered by an 11-member board of directors that includes various state officers and 6 members appointed by the Governor. This bill would add the Secretary of Veterans Affairs to the board. The bill would also increase the number of members appointed by the Governor to 7 and require that at least one member appointed by the Governor have specific knowledge of housing finance agencies, single-family mortgage lending, bonds and related financial instruments, interest rate swaps, and risk management.

Economic Development

AB 668 (Gray D) Economic disaster area.
Status: 2/22/2013-From printer. May be heard in committee March 24.

Summary: Existing law authorizes the state to award state contracts, public works projects, and capital projects; to expend the proceeds of bonds for specified purposes; and to acquire property. This bill would require any county or city and county with an unemployment rate above ____% for a period of ____ months to be declared an economic disaster area. This bill would require a county or city and county that is designated an economic disaster area to receive priority consideration when the state is making a determination on where to expend state funds with respect to any state contract or award, public works project, bond-financed project, acquisition of real estate, or capital project.

HCD

AB 523 (Ammiano D) Department of Housing and Community Development: loans.
Status: 2/21/2013-From printer. May be heard in committee March 23.

Summary: Existing law authorizes the Department of Housing and Community Development to make advance payments to eligible borrowers and grantees under certain loan or grant programs for housing, if the department makes specified determinations. This bill would additionally authorize the department to reduce the interest rate on any loan issued by the department to a rental housing development to as low as 0% if the development meets specified requirements.

AB 1051 (Bocanegra D) Housing.
Status: 2/25/2013-Read first time.

Summary: The California Global Warming Solutions Act of 2006 authorizes the State Air Resources Board to adopt a program pursuant to the act to cap greenhouse gas emissions and provide for market-based compliance mechanisms, including the auction of allowances (cap-and-trade program). Existing law requires all moneys, except for fines and penalties, collected by the state board from the auction or sale of allowances as part of a market-based compliance mechanism to be deposited in the Greenhouse Gas Reduction Fund and to be available, upon appropriation by the Legislature. This bill would state the intent of the Legislature to appropriate funds from the Greenhouse Gas Reduction Fund to the Department of Housing and Community Development to be expended for loans for the development and construction of housing development projects within close proximity to transit stations.

SB 550 (Jackson D) Accessible housing.
Status: 2/25/2013-Read first time.

Summary: Existing law establishes various programs under the Department of Housing and Community Development, including the California Housing Rehabilitation Program for the development of low-income and multifamily rental housing in the state. Existing law creates the Multifamily Housing Program under the department to provide a standardized set of program rules and features applicable to all housing types based on the existing California Housing Rehabilitation Program. Among other things, the program provides financial assistance to fund projects for, among other things, the development and construction of new, and rehabilitation or acquisition and rehabilitation of, existing, transitional, or rental housing developments, and establishes a project selection process for loans for these projects. Existing law also requires the department to establish a program for the purpose of housing assistance for the physically or developmentally disabled, or mentally disordered. This bill would create the Accessible Multifamily Housing Act of 2013, which would require new and substantially rehabilitated assisted multifamily housing projects, as defined, for which building permits are issued on and after July 1, 2014, to be designed and constructed to be readily accessible to and usable by individuals with mobility, vision, and hearing impairments, as specified. This bill contains other related provisions and other existing laws.

Homeless

AB 585 (Fox D) Homeless veterans' assistance pilot program.
Status: 2/21/2013-From printer. May be heard in committee March 23.

Summary: Under existing law, the Department of Veterans Affairs has specified powers and duties relating to various programs serving veterans, including establishing housing projects. Existing law requires the department to include specified information in its strategic plan related to homeless veterans. This bill would establish, until January 1, 2018, the Homeless Veterans' Housing Assistance Pilot Program, in up to 4 counties that agree to participate. The bill would provide that the pilot program would be administered at the state level by the Department of Veterans' Affairs, in consultation with the Department of Housing and Community Development, and would prescribe the department's responsibilities in this regard. This bill would require the department to provide \$100,000 to each county for purposes of the pilot program, from which the county would provide a monthly stipend of \$500 to eligible homeless veterans. The bill would appropriate \$5,000,000 from the General Fund to the Homeless Veterans' Housing Assistance Fund, which the bill would create, for purposes of the pilot program.

Infrastructure

AB 716 (Quirk-Silva D) Infrastructure plan: state planning and funding.
Status: 2/22/2013-From printer. May be heard in committee March 24.

Summary: The California Infrastructure Planning Act requires the Governor to submit annually to the Legislature, in conjunction with the Governor's Budget, a proposed 5-year infrastructure plan containing prescribed information. Existing law requires the plan to identify state infrastructure needs and set out priorities for funding. The plan defines the term "infrastructure" to mean real property, including land and improvements to the land, structures, and equipment integral to the operation of structures, easements, rights-of-way, and other forms of interest in property, roadways, and water conveyances. This bill would additionally require the plan to set out priorities for coordination of investment. The bill would expand the definition of infrastructure to include housing.

Mortgage Lending

AB 42 (Perea D) Taxation: cancellation of indebtedness: mortgage debt forgiveness.
Status: 2/28/2013-Referred to Com. on REV. & TAX.

Summary: The Personal Income Tax Law conforms to specified provisions of the federal Mortgage Forgiveness Debt Relief Act of 2007, as amended by the federal Emergency Economic Stabilization Act of 2008, relating to the exclusion of the discharge of qualified principal residence indebtedness, as defined, from an individual's income if that debt is discharged after January 1, 2007, and before January 1, 2013, as provided. This bill would make findings and declarations regarding mortgage debt forgiveness and would state the intent of the Legislature to enact legislation that would conform to federal law with regard to any extension of the exclusion described above.

SB 30 (Calderon D) Taxation: cancellation of indebtedness: mortgage debt forgiveness.
Status: 2/28/2013-Set for hearing March 13, Senate Governance and Finance

Summary: The Personal Income Tax Law conforms to specified provisions of the federal Mortgage Forgiveness Debt Relief Act of 2007, relating to the exclusion of the discharge of qualified principal residence indebtedness, as defined, from a taxpayer's income if that debt is discharged after January 1, 2007, and before January 1, 2010, as provided. The federal Emergency Economic Stabilization Act of 2008 extended the operation of those provisions to debt that is discharged before January 1, 2013. This bill would extend the operation of the exclusion of the discharge of qualified principal residence indebtedness to debt that is discharged before January 1, 2014.

Perm Source

SB 391 (DeSaulnier D) California Homes and Jobs Act of 2013.
Status: 2/28/2013-Referred to Coms. on T. & H. and GOV. & F.

Summary: Under existing law, there are programs providing assistance for, among other things, emergency housing, multifamily housing, farmworker housing, home ownership for very low and low-income households, and downpayment assistance for first-time homebuyers. Existing law also authorizes the issuance of bonds in specified amounts pursuant to the State General Obligation Bond Law. Existing law requires that proceeds from the sale of these bonds be used to finance various existing housing programs, capital outlay related to infill development, brownfield cleanup that promotes infill development, and housing-related parks. This bill would enact the California Homes and Jobs Act of 2013. The bill would make legislative findings and declarations relating to the need for establishing permanent, ongoing sources of funding dedicated to affordable housing development. The bill would impose a fee, except as provided, of \$75 to be paid at the time of the recording of every real estate instrument, paper, or notice required or permitted by law to be recorded. By imposing new duties on counties with respect to the imposition of the recording fee, the bill would create a state-mandated local program. The bill would require that revenues from this fee be sent quarterly to the Department of Housing and Community Development for deposit in the California Homes and Jobs Trust Fund, which the bill would create within the State Treasury. The bill would provide that moneys in the fund may be expended for supporting affordable housing, administering housing programs, and the cost of periodic audits, as specified. The bill would impose certain auditing and reporting requirements

Redevelopment

AB 229 (John A. Pérez D) Local government: infrastructure and revitalization financing districts.

Status: 2/15/2013-Referred to Com. on L. GOV.

Summary: Existing law authorizes the creation of infrastructure financing districts, as defined, for the sole purpose of financing public facilities, subject to adoption of a resolution by the legislative body and affected taxing entities proposed to be subject to division of taxes and 2/3 voter approval. Existing law authorizes the legislative body to, by majority vote, initiate proceedings to issue bonds for the financing of district projects by adopting a resolution, subject to specified procedures and 2/3 voter approval. Existing law requires an infrastructure financing plan to include the date on which an infrastructure financing district will cease to exist, which may not be more than 30 years from the date on which the ordinance forming the district is adopted. Existing law prohibits a district from including any portion of a redevelopment project area. Existing law, the Polanco Redevelopment Act, authorizes a redevelopment agency to take any action that the agency determines is necessary and consistent with state and federal laws to remedy or remove a release of hazardous substances on, under, or from property within a project area, whether the agency owns that property or not, subject to specified conditions. Existing law also declares the intent of the Legislature that the areas of the district created be substantially undeveloped, and that the establishment of a district should not ordinarily lead to the removal of dwelling units. This bill would authorize the creation of an infrastructure and revitalization financing district and the issuance of debt with 2/3 voter approval. The bill would authorize the creation of a district for up to 40 years and the issuance of debt with a final maturity date of up to 30 years. The bill would authorize a district to finance projects in redevelopment project areas and former redevelopment project areas and former military bases. The bill would authorize the legislative body of a city to dedicate any portion of its funds received from the Redevelopment Property Tax Trust Fund to the district, if specified criteria are met. The bill would authorize a city to form a district to finance a project or projects on a former military base, if specified conditions are met.

AB 564 (Mullin D) Community redevelopment: successor agencies.

Status: 2/21/2013-From printer. May be heard in committee March 23.

Summary: Existing law dissolved redevelopment agencies and community development agencies, as of February 1, 2012, and provides for the designation of successor agencies, as defined. Existing law requires successor agencies to wind down the affairs of the dissolved redevelopment agencies and to, among other things, make payments due for enforceable obligations, as defined, perform obligations required pursuant to any enforceable obligation, dispose of all assets of the former redevelopment agency, and to remit unencumbered balances of redevelopment agency funds, including housing funds, to the county auditor-controller for distribution to taxing entities. Existing law requires each successor agency to have an oversight board to approve certain actions of the successor agency, including the approval of an enforceable obligation. Existing law requires the Department of Finance to review the actions of an oversight board. Existing law prescribes when an action of an oversight board shall become effective, subject to approval by the Department of Finance. This bill would prohibit the Department of Finance from taking any future action to modify the enforceable obligations described

above following the effective date of the approval of those enforceable obligations after review by the oversight board and the department.

AB 662 (Atkins D) Local government: infrastructure financing districts.
Status: 2/22/2013-From printer. May be heard in committee March 24.

Summary: Existing law authorizes the creation of infrastructure financing districts, as defined, for the sole purpose of financing public facilities, subject to adoption of a resolution by the legislative body and affected taxing entities proposed to be subject to the division of taxes and voter approval requirements. Existing law prohibits an infrastructure financing district from including any portion of a redevelopment project area. Existing law, effective February 1, 2012, dissolved all redevelopment agencies and community development agencies and provides for the designation of successor agencies, as specified. This bill would delete the prohibition on infrastructure financing district including any portion of a redevelopment project area.

AB 981 (Bloom D) Redevelopment dissolution.
Status: 2/25/2013-Read first time.

Summary: Existing law dissolved redevelopment agencies and community development agencies, as of February 1, 2012, and provides for the designation of successor agencies to wind down the affairs of the dissolved redevelopment agencies and to, among other things, make payments due for enforceable obligations and to perform obligations required pursuant to any enforceable obligation. Existing law provides for the transfer of housing assets and functions previously performed by the dissolved redevelopment agency to one of several specified public entities. Existing law authorizes that entity to designate the use of, and commit, indebtedness obligation proceeds that were issued for affordable housing purposes prior to January 1, 2011, and were backed by the Low and Moderate Income Housing Fund. This bill would instead authorize that entity to designate the use of, and commit, indebtedness obligation proceeds that were issued prior to June 28, 2011

AB 1080 (Alejo D) Community Revitalization and Investment Authorities.
Status: 2/25/2013-Read first time.

Summary: The Community Redevelopment Law authorizes the establishment of redevelopment agencies in communities to address the effects of blight, as defined. Existing law dissolved redevelopment agencies and community development agencies, as of February 1, 2012, and provides for the designation of successor agencies. This bill would authorize certain public entities of a community revitalization and investment area, as described, to form a community revitalization plan within a community revitalization and investment authority (authority) to carry out the Community Redevelopment Law in a specified manner. The bill would require the authority to adopt a community revitalization plan for a community Revitalization and investment area and authorize the authority to include in that plan a provision for the receipt of tax increment funds.

AB 1207 (Brown D) Community development.
Status: 2/25/2013-Read first time.

Summary: The Community Redevelopment Law authorized the establishment of redevelopment agencies in communities to address the effects of blight, as defined. Existing law describes physical and economic conditions that cause blight. Existing law dissolved redevelopment agencies as of February 1, 2012, and provides for the designation of successor agencies, as defined, to wind down the affairs of the dissolved redevelopment agencies. This bill would make technical, nonsubstantive changes to the provision regarding the causes of blight.

AB 1320 (Bloom D) Redevelopment: successor agencies.

Status: 2/25/2013-Read first time.

Summary: The Community Redevelopment Law authorized the establishment of redevelopment agencies in communities to address the effects of blight, as defined. Existing law dissolved redevelopment agencies as of February 1, 2012, and provides for the designation of successor agencies, as defined. Existing law requires successor agencies to wind down the affairs of the dissolved redevelopment agencies, subject to review by oversight boards. Existing law requires a successor agency to, among other things, continue to make payments due for enforceable obligations, dispose of all assets of the former redevelopment agency, and remit unencumbered balances of redevelopment agency funds, including housing funds, to the county auditor-controller for distribution to taxing entities. Existing law requires the successor agency to dispose of all remaining assets and terminate its existence within one year of the final debt payment, requires any pass-through payment obligations to cease at that time, and prohibits the allocation of property tax to the Redevelopment Property Tax Trust Fund for that agency following termination of the agency. This bill would eliminate the requirement that the successor agency dispose of all remaining assets and terminate its existence within one year of the final debt payment. The bill would additionally eliminate the requirement that pass-through payment obligations cease at that time, and would eliminate the prohibition on the allocation of property tax to the Redevelopment Property Tax Trust Fund for that agency.

SB 1 (Steinberg D) Sustainable Communities Investment Authority.

Status: 2/28/2013-Set for hearing March 13, Senate Governance and Finance

Summary: The Community Redevelopment Law authorizes the establishment of redevelopment agencies in communities to address the effects of blight, as defined. Existing law dissolved redevelopment agencies and community development agencies, as of February 1, 2012, and provides for the designation of successor agencies. This bill would authorize certain public entities of a Sustainable Communities Investment Area, as described, to form a Sustainable Communities Investment Authority (authority) to carry out the Community Redevelopment Law in a specified manner. The bill would require the authority to adopt a Sustainable Communities Investment Plan for a Sustainable Communities Investment Area and authorize the authority to include in that plan a provision for the receipt of tax increment funds provided that certain economic development and planning requirements are met. The bill would authorize the legislative body of a city or county forming an authority to dedicate any portion of its net available revenue, as defined, to the authority through its Sustainable Communities Investment Plan. The bill would require the authority to contract for an independent financial and performance audit every 5 years.

SB 341 (DeSaulnier D) Redevelopment.
Status: 2/28/2013-Referred to Com. on T. & H.

Summary: Existing law dissolved redevelopment agencies and community development agencies, and provided for the designation of successor agencies that are required to wind down the affairs of the dissolved redevelopment agencies and to, among other things, make payments due for enforceable obligations, as defined. Existing law provides that the city, county, or city and county that authorized the creation of a redevelopment agency may elect to retain the housing assets and functions previously performed by the redevelopment agency. Existing law requires the entity assuming the housing functions of the former redevelopment agency to perform various functions. This bill would change provisions relating to the functions to be performed by the entity assuming the housing functions of the former redevelopment agency to instead refer to the housing successor.

Tax Credits

AB 952 (Atkins D) Low-income housing tax credits.
Status: 2/25/2013-Read first time.

Summary: Existing law establishes a low-income housing tax credit program, administered by the California Tax Credit Allocation Committee, which provides procedures and requirements for the allocation of state tax credit amounts among low-income housing projects based on federal law, as modified. Existing law, among other things, allows the credit based on the applicable percentage, as defined. This bill would, under the insurance taxation law, allow a credit for buildings located in designated difficult development areas or qualified census tracts allocated in the specified amounts, provided that the amount of credit allocated under Section 42 of the Internal Revenue Code is computed on 100% of the qualified basis of the building.

Trust Funds

AB 532 (Gordon D) Local Housing Trust Fund.
Status: 2/21/2013-From printer. May be heard in committee March 23.

Summary: Existing law establishes the Local Housing Trust Fund Matching Grant Program for the purpose of supporting local housing trust funds dedicated to the creation or preservation of affordable housing. Existing law requires the Department of Housing and Community Development to make available the amount of \$35,000,000 for the Local Housing Trust Fund Matching Grant Program, from the continuously appropriated Housing and Emergency Shelter Trust Fund of 2006. This bill would revise the law applicable to the above grant program, including (1) reducing the maximum allocation to \$1,000,000 per notice of funding availability, (2) eliminating funding priorities for certain types of local housing trust funds, and (3) revising requirements relative to deed restrictions and equity sharing agreements applicable to for-sale housing projects or units within for-sale housing projects.

Veterans

AB 556 (Salas D) Fair Employment and Housing Act: military veterans.
Status: 2/21/2013-From printer. May be heard in committee March 23.

Summary: Existing law, the California Fair Employment and Housing Act, protects and safeguards the right and opportunity of all persons to seek, obtain, and hold employment without discrimination or abridgment on account of race, religious creed, color, national origin, ancestry, physical disability, mental disability, medical condition, genetic information, marital status, sex, gender, gender identity, gender expression, age, or sexual orientation. This bill would add "military and veteran status," as defined, to the list of categories protected from discrimination under the act. This bill would also provide an exemption for an inquiry by an employer regarding military or veteran status for the purpose of awarding a veteran's preference as permitted by law.

AB 585 (Fox D) Homeless veterans' assistance pilot program.
Status: 2/21/2013-From printer. May be heard in committee March 23.

Summary: Under existing law, the Department of Veterans Affairs has specified powers and duties relating to various programs serving veterans, including establishing housing projects. Existing law requires the department to include specified information in its strategic plan related to homeless veterans. This bill would establish, until January 1, 2018, the Homeless Veterans' Housing Assistance Pilot Program, in up to 4 counties that agree to participate. The bill would provide that the pilot program would be administered at the state level by the Department of Veterans' Affairs, in consultation with the Department of Housing and Community Development, and would prescribe the department's responsibilities in this regard. This bill would require the department to provide \$100,000 to each county for purposes of the pilot program, from which the county would provide a monthly stipend of \$500 to eligible homeless veterans. The bill would appropriate \$5,000,000 from the General Fund to the Homeless Veterans' Housing Assistance Fund, which the bill would create, for purposes of the pilot program.

AB 639 (John A. Pérez D) Veterans Housing and Homeless Prevention Act of 2014.
Status: 2/21/2013-From printer. May be heard in committee March 23.

Summary: Existing law, the Veterans' Bond Act of 2008, as approved by the voters, authorizes the issuance of bonds in the amount of \$900,000,000, pursuant to the State General Obligation Bond Law, for purposes of financing the Cal-Vet program for farm, home, and mobilehome purchase assistance for veterans. This bill would amend the Veterans' Bond Act of 2008 to reduce the amount of bonds that are authorized to be issued under the act from \$900,000,000 to \$300,000,000. The bill would instead authorize the issuance of bonds in the amount of \$600,000,000, as specified, for expenditure by the Department of Housing and Community Development for purposes of the construction, rehabilitation, and preservation of multifamily housing for veterans, in collaboration with the Department of Veterans Affairs. The bill would authorize the Legislature to amend the provisions of this act, by majority vote, under specified criteria. The bill would require CalHFA to include an evaluation of the effectiveness of that program in its annual report.