

MEMORANDUM

To: CalHFA Board of Directors Date: May 12, 2015

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

Subject: Legislative Report

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**Affordable Housing**

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**AB 668 (Gomez D) Property taxation: assessment: affordable housing.**  
**Status: Assembly Appropriations Committee.**

**Summary** Would require the county assessor to consider, when valuing real property for property taxation purposes, a recorded contract with a nonprofit corporation that meets prescribed requirements, including requirements that the nonprofit corporation has received a welfare exemption for properties intended to be sold to low-income families who participate in a special no-interest loan program, and that the contract includes a restriction on the use of the land for at least 30 years to owner-occupied housing available at affordable housing cost..

**Notes:** According to the author, "this bill creates consistency throughout the state by authorizing the county assessors, when determining the value of a property for tax purposes for affordable housing sold to low-income families, to consider the effect of the recorded contracts and deed restrictions on affordability between the buyer and a nonprofit organization in assessment of that land."

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**Building Standards/Codes**

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**SB 7 (Wolk D) Housing: water meters: multiunit structures.**  
**Status: Passed Senate – pending Committee assignment in Assembly**

**Summary:** Would express the intent of the Legislature to encourage the conservation of water in multifamily residential rental buildings through means either within the landlord's or the tenant's control, and to ensure that the practices involving the sub-metering of dwelling units for water service are just and reasonable, and include appropriate safeguards for both tenants and landlords.

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## CEQA

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**AB 1268 (Steinorth R) CEQA: exemption for a housing project.  
Status: Assembly Natural Resources**

**Summary:** Under current law, a housing project qualifies for an exemption from CEQA if certain requirements are met, including the requirement that the site is not located within the boundaries of a state conservancy. This bill would eliminate the requirement that the site not be located within the boundaries of a state conservancy.

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## Dedicated Source

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**AB 1335 (Atkins D) Building Homes and Jobs Act.  
Status: Pending Assembly Appropriations Committee**

**Summary:** Would enact the Building Homes and Jobs Act. The bill would make legislative findings and declarations relating to the need for establishing permanent, ongoing sources of funding dedicated to affordable housing development.

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## Density Bonus

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**AB 744 (Chau D) Planning and zoning: density bonuses.  
Status: Pending Committee assignment**

**Summary:** Would prohibit, at the request of the developer, a city, county, or city and county from imposing a minimum onsite parking requirement on a development that is located within one-half mile of a major transit stop, is a senior housing development, or is a special needs housing development, as those terms are defined. The bill would specify that a city, county, or city and county may impose a maximum onsite parking requirement for a development.

**Notes:** According to the author, AB 744 aligns local land use decisions more closely with the goals of AB 32 and SB 375 by reducing the parking required for housing developments that include affordable units and are close to transit or are home to seniors or special needs individuals. Much of California's existing parking requirements are based on low-density and single-purpose land use designations. Parking is costly to build and maintain and can increase the cost of projects in existing development areas.

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## Fees

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**SB 341** **(Nguyen R) Housing: Department of Housing and Community Development: local fees.**  
**Status: Assembly Appropriations – Suspense File.**

**Summary:** Current law authorizes the Department of Housing and Community Development to take specified actions related to housing that include, among other things, investigations of housing and community development in the state. This bill would require the department to take these actions. and to conduct a statewide survey of cities and counties to determine the total amount of fees and charges imposed on new home construction by local jurisdictions and submit the survey to specified committees of the Legislature.

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## Homeless

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**AB 870** **(Cooley D) Homelessness: rapid rehousing.**  
**Status: Assembly Appropriations Committee**

**Summary:** Would establish a pilot program within the Department of Housing and Community Development for awarding grants to counties that operate a rapid rehousing program. The bill would require the department to select 4 counties to receive these grant funds, giving priority to counties with existing programs that have demonstrated effectiveness in providing supporting housing for homeless individuals and veterans. This bill would continuously appropriate \$1 million each year from the General Fund to the department and require the department to distribute \$250,000 of this money to each of the 4 counties.

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## Housing Finance

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**AB 90** **(Atkins D) Federal Housing Trust Fund.**  
**Status: Assembly Appropriations Suspense File**

**Summary:**

Would designate the Department of Housing and Community Development as the state agency responsible for administering funds received by the state from the federal Housing Trust Fund. This bill would require the department to administer the funds through programs that produce, preserve, rehabilitate, or support the operation of rental housing for extremely low income and very low income households, except that up to 10% of funding may be used to support homeownership for extremely low income and very low income households.

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### Miscellaneous

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**AB 447 (Maienschein R) Property insurance: discrimination.  
Status: Assembly Floor**

**Summary:** Current law provides that sex, race, color, religion, ancestry, national origin, disability, medical condition, genetic information, marital status, or sexual orientation shall not, of itself, constitute a condition or risk for which a higher rate, premium, or charge may be required of the insured. This bill would add certain other classifications and facts relating to the insured or the insured property to the categories that may not be used by an insurer for the purposes described above.

**Notes:** This bill, sponsored by Housing California, is intended to prohibit any company that provides residential property insurance from refusing to issue a policy to tenants of Section 8 housing.

**AB 1056 (Atkins D) Housing assistance: formerly incarcerated tenants.  
Status: Assembly Appropriations.**

**Summary:** Would require the Board of State and Community Corrections to administer a competitive grant program that focuses on community-based solutions for reducing recidivism. The bill would establish minimum criteria for the grant program and would require the board to establish an Executive Steering Committee, composed of 13 members, including a housing expert, to adopt guidelines for the submission of proposals for the grant program, including threshold or scoring criteria, or both.

**Notes:** According to the author's staff, this bill was introduced to create the Second Chance Community Re-Entry Program to provide post-incarceration housing supports using a rapid-rehousing model

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### Mortgage Lending

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**AB 139 (Gatto D) Nonprobate transfers: revocable transfer upon death deeds.  
Status: Pending hearing before Assembly Judiciary Committee**

**Summary:** Would, until January 1, 2021, create the revocable transfer on death deed (revocable TOD deed), as defined, which would transfer real property on the death of its owner without a probate proceeding. The bill would require that a person have testamentary capacity to make or revoke the deed and would require that the deed be in a statutory form provided for this purpose. The revocable TOD deed must be signed, dated, acknowledged, and recorded, as specified, to be effective. This bill contains other related provisions and other existing laws.

**Notes:** This bill, following recommendations by the California Law Revision Commission (CLRC), allows owners of real property, until January 1, 2021, to transfer their property upon death, outside the normal probate procedure, through a written instrument known as a "revocable transfer upon death deed" (RTDD).

**AB 205 (Wood D) Residential property: possession by declaration.**  
**Status: Pending hearing before Assembly Judiciary Committee**

**Summary:** Until January 1, 2018, current law permits an owner of specified residential property in the Cities of Palmdale and Lancaster in the County of Los Angeles or the City of Ukiah in the County of Mendocino to register vacant real property with the local law enforcement agency and to execute a Declaration of Ownership of Residential Real Property that may be filed with the local law enforcement agency of the jurisdiction in which the property is located. This bill would extend the residential property subject to these provisions to include the City of Eureka in the County of Humboldt, the City of Fairfield in the City of Solano, and the Counties of Humboldt and Lake.

**AB 244 (Eggman D) Mortgages and deeds of trust: successors in interest.**  
**Status: Pending hearing before Assembly Banking and Finance**

**Summary:** Current law imposes various requirements to be satisfied prior to exercising a power of sale under a mortgage or deed of trust. This bill would include a successor in interest in the definition of a borrower for purposes of specified eligibility provisions. The bill would define a successor in interest as a natural person who provides the mortgage servicer with notification of the death of the mortgagor or trustor and reasonable documentation showing that the person falls into one of four categories of successors, including a personal representative of the mortgagor's or trustor's estate or a surviving spouse.

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### Tax Credits

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**AB 35 (Chiu D) Income taxes: credits: low-income housing: allocation increase.**  
**Status: Assembly Revenue and Taxation Committee Suspense File**

**Summary:** This bill, for calendar years beginning 2015, would increase the aggregate housing credit dollar amount that may be allocated among low-income housing projects by \$300,000,000, as specified. The bill, under the insurance taxation law, the Personal Income Tax Law, and the Corporation Tax Law, would modify the definition of applicable percentage relating to qualified low-income buildings that meet specified criteria.

**Notes:** According to the author, "California is undergoing a serious housing affordability crisis with a shortfall of over one million affordable homes. According to a 2014 report by the California Housing Partnership Corporation, median rents in California have increased by

over 20 percent while the median income has dropped by 8 percent. The private housing market is simply not meeting the demand for low to moderate income homes. The shortage is particularly challenging in the rental market, typically the last resort for lower-income households, many of whom were forced out of single-family homes during the great recession. State and Federal divestment in affordable housing has exacerbated this problem. With the elimination of California's redevelopment agencies and the exhaustion of state housing bonds, California has reduced its funding for the development and preservation of affordable homes by 79 percent -- from approximately \$1.7 billion a year to nearly nothing. There is currently no permanent source of funding to compensate for this loss.

**AB 781 (Wilk R) Low-income housing tax credits.**  
**Status: Pending Committee assignment.**

**Summary:** Current law establishes a low-income housing tax credit program pursuant to which the California Tax Credit Allocation Committee provides procedures and requirements for the allocation of state insurance, income, and corporation tax credits among low-income housing projects based on federal law. In its current form, this is a spot bill that would make a nonsubstantive change to those provisions.

**SB 377 (Beall D) Income taxes: insurance taxes: credits: low-income housing: sale of credit.**  
**Status: Senate Appropriations Committee**

**Summary:** Would, for taxable years beginning on or after January 1, 2016 , and before January 1, 2026 , allow a taxpayer that is allowed a low-income housing tax credit to elect to sell all or a portion of that credit to one or more unrelated parties for each taxable year in which the credit is allowed for not less than 80% of the amount the credit to be sold, as provided.

**Notes:** 4/20/15 - SG&F -According to the author, "SB 377 seeks to increase the impact of the state's existing low-income housing tax credit (LIHTC) with no fiscal impact to the state by structuring the credits in a way that is not subject to federal taxation. LIHTCs are awarded to developers of qualified projects and are the primary source of capital to construct and rehabilitate thousands of affordable housing units each year. Non-profit affordable housing developers, who do not have the required tax liability on their own, must seek out private equity investments for their developments. Under current law, investors must become owners of the property to claim the credits against their state tax liabilities. Due to the fact that state taxes are deductible from federal taxes, a reduction in the state tax liability increases the federal tax liability for the investor. With the federal corporate tax rate at 35%, investors will generally invest no more than 65 cents for each dollar of state credit. SB 377 addresses this issue by allowing a developer who is awarded state credits to sell the credits to an investor without admitting the investor to the ownership partnership and thereby increasing the value of the credit, closer to one dollar for each dollar of credit, to the investor. SB 377 will significantly increase the value of state LIHTCs and therefore the public benefit because it will largely eliminate the federal tax impacts associated with investors claiming state credits. It will also greatly increase the efficiency of the program and allow many more affordable

housing units to be built for the same level of state tax expenditure. In other words, this bill gives the state a bigger bang for its buck.”

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### Veterans Homeless and Housing Program

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**AB 253** **(Hernandez, Roger D)** **Mental Health**  
**Status: Assembly Appropriations Committee**

**Summary:** Would expand the Mental Health Services Oversight and Accountability Commission by 2 additional members who each have specified mental health knowledge and experience, to be appointed by the Governor. Would require the Department of Housing and Community Development, the California Housing Finance Agency and the California Department of Veterans affairs to give a preference to applicants for the Veterans Homeless and Housing Program to applicants that can demonstrate a multiyear funding commitment of Mental Health Services Act funding.

**AB 388** **(Chang R)** **Housing: homeless veterans: reports.**  
**Status: Assembly Appropriations Committee**

**Summary:** The Department of Housing and Community Development is required to submit an annual report to the Governor and both houses of the Legislature on the operations and accomplishments during the previous fiscal year of the housing programs administered by the department and an evaluation, in collaboration with the Department of Veterans Affairs, of any program established by the department pursuant to the Veterans Housing and Homeless Prevention Act of 2014. This bill would additionally require the evaluation to include information relating to the effectiveness in helping homeless veterans of any organization that was issued funds pursuant to that act.

**Notes:** According to the author, "[r]ecent program guidelines established place reporting requirements on the sponsors of Proposition 41 housing programs. The content of those reports is currently permissive and therefore leaves room for these reports to leave out information measuring the success level of these programs."

**AB 1029** **(Frazier D)** **Veterans Service Providers.**  
**Status: Assembly Appropriations Committee**

**Summary:** Would allow entities meeting specified requirements to apply to the Department of Veterans Affairs to become certified California veteran service providers. The bill would require the department to maintain a list of certified California veteran service providers on its Internet Web site. The bill would require that certification would remain valid for 3 years unless the entity is decertified by the department. The bill would require the department to adopt rules, procedures, and regulations as necessary to decertify an entity if it no longer meets the requirements to be a certified California veteran service provider.

**SB 689** (Huff R) Veterans: housing.  
**Status: Senate Transportation and Housing Committee**

**Summary:** Current law requires the California Housing Finance Agency, the Department of Housing and Community Development, and the Department of Veterans Affairs, to the extent feasible, to prioritize projects that combine housing and supportive services, including, but not limited to, job training, mental health and drug treatment, case management, care coordination, or physical rehabilitation. This bill would require a project, in order to qualify for prioritization due to mental health and drug treatment services, to either accept only residents who are prequalified to receive mental health care and drug treatment services from the federal Department of Veterans Affairs, or, if the project accepts residents who receive mental health care and drug treatment services from agencies or providers other than the federal Department of Veterans Affairs.