
1975-76
FIRST EXTRAORDINARY SESSION

BILL CHAPTERS

Ch 1 (AB 1) Chacon Housing and community development, housing finance

Present law creates and provides for the organization and functions of the Department of Housing and Community Development and the Commission of Housing and Community Development. However, present law specifies that the provisions creating the department and commission shall be operative only until the 61st day after final adjournment of the 1976 Regular Session of the Legislature and that as of such date functions transferred to the department shall be retransferred to the agency from which they were removed.

Under present law neither the department nor any other state agency is empowered to conduct programs of housing finance specifically for persons and families of low or moderate income and the department is specifically prohibited from engaging in direct loan or grant programs. However, cities, counties, cities and counties, housing authorities, and redevelopment agencies are authorized to finance residential rehabilitation, as specified, and to issue revenue bonds for such purpose under the Marks-Foran Residential Rehabilitation Act of 1973.

This bill would repeal current provisions relating to the organization of the department and commission and relating to certain of their functions, and would enact new provisions continuing the department and commission in existence and prescribing the organization and certain of the functions thereof. The bill would establish three divisions within the department. The bill would delete provisions which would eliminate the department and commission and retransfer the functions of the department at a time subsequent to adjournment of the 1976 Regular Session of the Legislature.

This bill would create a Housing Finance Agency in the Business and Transportation Agency and would prescribe the organization and functions thereof. Specified regulations of the agency would be subject to approval by the department, the Secretary of the Business and Transportation Agency, or his representative. The agency would be empowered to lend moneys through specified intermediaries and intermediary devices, including the creation of secondary mortgage markets, directly to the ultimate borrower, or to qualified mortgage lenders, for the purpose of financing the construction, rehabilitation, or acquisition of housing for persons and families of low or moderate income, as defined. The bill would authorize the agency to grant money and property to housing sponsors and local agencies, as defined, for prescribed purposes.

The bill would empower the agency to enter into agreements with local public entities, as defined, for the conduct by the agency of programs of rehabilitation loans and housing finance, as prescribed, in areas designated by the department as participating concentrated rehabilitation areas. The bill would alternatively authorize the department to enter into agreements for the administration of such programs by the local public entity. The bill would alternatively authorize the agency to purchase bonds and notes issued by the city, county, city and county, housing authority, or redevelopment agency pursuant to the Marks-Foran Residential Rehabilitation Act of 1973. The bill would also permit the agency to enter into agreements with local public entities to provide specified assistance in connection with a citywide or countywide program of enforcement of housing standards.

The bill would authorize the agency to provide staffing for the Farmers Home Administration of the United States Department of Agriculture for loan-guarantee and grant programs conducted in the state.

The bill would authorize any city or county or combination thereof acting jointly or the governing body of an Indian reservation or rancheria, which meets specified criteria and which has been approved by the department, to review and approve or reject proposals for housing to be financed under the bill within the jurisdiction thereof, in accordance with specified criteria. Delegation of such review function to another local public entity would be permitted. The agency would also be required to provide specified areawide clearinghouses with opportunity for comment and review respecting proposed housing developments to be financed under the bill within the jurisdiction thereof.

The bill would empower the agency to contract with local public entities for the provision by such local public entity of specified services or property in connection with a development financed under the bill. The bill would permit state agencies authorized

to convey real property of the state and local public entities to sell, lease, grant, or convey real property and appurtenances to the agency, or to a housing sponsor designated by the agency

The bill would create the California Housing Finance Fund, which would be continuously appropriated to the agency for financing housing developments and rehabilitation of residential structures, as defined, pursuant to the bill and for servicing or retiring specified revenue bonds and obligations of the agency authorized by the bill. All moneys accruing to the agency would be required to be deposited in the fund. The agency would be empowered to direct the investment of moneys in the fund not required for its current needs and any interest or increment resulting from such investment would accrue to the fund. Moneys in the fund declared by the agency to be surplus and not necessary for specified purposes would be required to be used by the agency to provide special interest reduction programs, financial assistance or subsidies for housing financed under the bill, or prescribed counseling programs.

The bill would authorize the agency, for the purpose of financing housing developments under the bill and other specified purposes, to issue and refund or renew, as specified, revenue bonds or other obligations secured by prescribed revenues or property of the agency, but which would not be a debt or liability of the state. The bill would require establishment of primary and secondary bond reserve accounts to secure each issuance of such bonds, as specified. The amount of such bonds would be limited to \$300,000,000 of bonds not guaranteed by the federal government and \$150,000,000 additional of bonds so guaranteed. The State Treasurer would be required to act as trustee for the agency and bondholders for prescribed purposes.

The bill would provide that the Secretary of the Business and Transportation Agency shall be responsible for allocating federal financial aid for subsidizing housing for persons and families of low or moderate income and gives the agency priority in receipt of such housing subsidies. Under the bill the department would be the principal state department for coordinating federal-state relationships in housing, except for housing finance. The bill would make the California Housing Finance Agency a state representative for receipt and allocation of federal financial aid for subsidizing housing for persons of low and moderate income and the agency would be required to receive priority as to such funds to the extent units financed under the bill are eligible for such assistance.

The bill would provide, conditioned upon the approval of the state electorate, for the issuance of state bonds in a total amount not exceeding \$500,000,000, the proceeds of which are authorized for use in financing housing developments pursuant to the bill. The bill would provide for submission of the bond proposal to the electors in November of 1976.

The bill would appropriate \$10,750,000 for transfer to the California Housing Finance Fund to be used according to a prescribed schedule for the initial expenses of the agency and for the establishment of supplementary bond reserve accounts to secure issuances of the agency's revenue bonds, and would require such moneys to be repaid to the General Fund from specified revenues of the agency. The bill would require repayment of \$750,000 of such amount not later than January 1, 1986, from such revenues. The bill would appropriate \$599,817 to the Department of Housing and Community Development for its expenses under the bill. If the issuance of state general obligation bonds proposed by the bill is approved by the voters, the bill would require retransfer to the General Fund of moneys which would be appropriated by the bill for the establishment of supplementary bond reserve accounts of an amount equal to such moneys from the first proceeds of such state general obligation bonds.

Ch 2 (SB 4) Gregorio Rehabilitation, construction, and mortgage loan insurance

Under present law there is no state agency empowered to insure loans for financing rehabilitation of residential structures, for refinancing in connection with rehabilitation, or for construction or mortgage financing. However, cities, counties, housing authorities, and redevelopment agencies are authorized to make loans for residential rehabilitation under the Marks-Foran Residential Rehabilitation Act of 1973.

This bill would authorize the California Housing Finance Agency proposed by SB 2 and AB 1 of the 1975-76 First Extraordinary Session to conduct a loan insurance program to insure loans made by the agency or by mortgage lenders approved by the agency lenders in areas meeting prescribed eligibility criteria, for rehabilitation, refinancing in

connection with rehabilitation, acquisition of residential structures, or construction or mortgage financing, as specified, except that the agency would be prohibited from insuring any loan made or assisted under the provisions of this bill and SB 2 or AB 1, on or after the date the agency commences to sell general obligation bonds except for valid commitment to insure made prior to such date. This bill would also authorize the agency to insure revenue bonds issued pursuant to the Marks-Foran Residential Rehabilitation Act of 1973. The agency would be authorized to initiate programs of coinsurance or reinsurance and to procure reinsurance, as specified.

The bill would require the agency to appoint an advisory committee with prescribed membership to assist it in preparing regulations for the implementation and administration of the program.

The bill would create a Housing Rehabilitation Insurance Fund, which would be continuously appropriated to the agency for the purpose of insuring loans and bonds and to defray costs of administering such program. The bill would specify that the obligation of the state under contracts of insurance would be limited to moneys in the fund made available therefor under the respective contracts of insurance.

The bill would appropriate \$5,000,000 from the General Fund for transfer to the Housing Rehabilitation Insurance Fund, and would require such moneys to be repaid to the General Fund not later than January 1, 1986, from revenues of the agency not required to pay its current operating expenses and to maintain loan and bond reserve accounts, as specified. The bill would authorize the agency to make payments for specified purposes from the Housing Rehabilitation Insurance Fund to the General Obligation Bond Account created by SB 2 or AB 1 of the First Extraordinary Session.

The bill would be operative only if SB 2 or AB 1 of the 1975-76 First Extraordinary Session, or both, are enacted and create a California Housing Finance Agency, and would become operative in such case on the effective date of such bills.

RESOLUTION CHAPTERS

Res Ch 1 (SCR 1) Mills Joint Rules

This measure adopts the Temporary Joint Rules of the Senate and Assembly for the 1973-74 Regular Session, except Joint Rule 55, as the Joint Rules of the Senate and Assembly for the 1975-76 First Extraordinary Session.

Res Ch 2 (ACR 1) Ralph Adjournment

This measure provides that the 1975-76 First Extraordinary Session of the Legislature shall adjourn sine die upon adjournment on Friday, June 27, 1975.

CROSS REFERENCE TABLES**ASSEMBLY BILLS**

Assembly Bill	Chapter
1	1

SENATE BILLS

Senate Bill	Chapter
4	2

ASSEMBLY CONCURRENT RESOLUTIONS

Resolution	Chapter
1	2

SENATE CONCURRENT RESOLUTIONS

Resolution	Chapter
1	1

BILLS VETOED BY GOVERNOR

None

STATUTORY RECORD

Sections affected by statutes enacted at the 1975-76 First Extraordinary Session are included in the 1969-1975 Statutory Record, beginning on page 397

INDEX

H

housing bond and loan insurance, 2
housing housing and home finance, 1

L

legislature adjournment sine die, 2
legislature joint rules adoption, 1

S

short title *Housing Finance Bond Law of 1975*, 1
short title *Zenovich-Moscone-Chacon Housing and Home Finance Act*, 1

Note Citations are to chapter numbers. resolution chapters are indicated in italics