

## CALIFORNIA LEGISLATURE

1975-76 FIRST EXTRAORDINARY SESSION

**ASSEMBLY DAILY JOURNAL**

First Legislative Day

First Calendar Day

**IN ASSEMBLY**

Assembly Chamber, Sacramento

Monday, February 17, 1975

At 12 m. the Assembly met pursuant to the provisions of the Proclamation of His Excellency, Edmund G. Brown Jr., Governor of the State of California, dated February 16, 1975, convening the Legislature of the State of California on this day in extraordinary session.

James D. Driscoll, Chief Clerk for the 1975-76 Regular Session, presiding.

Assistant Clerk Ray Monday reading.

**ANNOUNCEMENTS**

James D. Driscoll, Chief Clerk of the Assembly, announced that pursuant to the requirements of the Government Code, Section 9150, the following officers of the Assembly of the 1975-76 Regular Session of the Legislature were present and in their positions:

James D. Driscoll, Chief Clerk; Anabel Fleury, Minute Clerk; and Tony Beard, Sergeant at Arms.

**ROLL CALL**

The roll was called, and the following answered to their names—77:

Alatorre	Craven	Keyser	Perino
Antonovich	Cullen	Knox	Priolo
Arnett	Davis	Lancaster	Ralph
Badham	Deddeh	Lanterman	Robinson
Bane	Dixon	Lewis	Rosenthal
Bonnai	Duffy	MacDonald	Siegler
Berman	Egeland	Maddy	Sieroty
Beverly	Fenton	McAlister	Suitt
Bontwright	Foran	McCarthy	Thomas, Vincent
Briggs	Garamendi	McLennan	Thomas, William
Brown	Goggin	McVittie	Thurman
Calvo	Greene, Bill	Meade	Torres
Campbell	Greene, Leroy F.	Miller	Tucker
Carpenter	Gualco	Mobley	Vasconcellos
Chacon	Hart	Montoya	Vicencia
Chappie	Hayden	Murphy	Warren
Chel	Ingalls	Nestande	Wilson
Chmbole	Kapiloff	Nimmo	Worrum
Chne	Keene	Papan	Z'berg
Collier			

Quorum present.

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**PRAYER**

The following prayer was offered by the Chaplain, Father Leo McAllister:

As we begin this Special Session our needs of the moment look beyond our own abilities to cope.

They cry to You God, our Father, for direction, dedication and decision. Too often you have heard us talk in generalities to avoid the consequences of specifics.

In all of our deliberations, help us to face the choice and make the choice of "to be or not to be".

We pray that we may be guided by the old Latin principle. "Agere sequiter esse", to do follows to be.—AMEN.

**PLEDGE OF ALLEGIANCE TO THE FLAG**

Upon request of Speaker McCarthy, Mr. Lanterman then led the Assembly in the pledge of allegiance to the Flag.

**LEAVES OF ABSENCE FOR THE DAY**

The following Member was granted leave of absence for the day, on personal business, and desired to waive his per diem:

Mr. Burke.

The following Member was excused for the day, and his per diem was waived:

Mr. Lockyer.

**PROCLAMATION OF THE GOVERNOR**

The Chief Clerk directed that the following Proclamation of the Governor convening the Legislature in extraordinary session be read.

Executive Department, State of California

**PROCLAMATION**

A growing number of people in California are unable to obtain decent housing because of high interest rates, inflation, and other dislocations in the economy.

The prompt establishment of a state housing finance agency will enable California to receive millions of dollars under the Federal Housing and Community Development Act of 1974.

Therefore, by virtue of Article IV, Section 3 of the Constitution, I hereby convene the Legislature of the State of California in extraordinary session at Sacramento at noon Monday, February 17, 1975, to consider and act on housing and housing finance legislation.

In witness whereof, I have hereunto set my hand and caused the Great Seal of the State of California to be affixed this 16th day of February 1975.

EDMUND G BROWN JR.  
Governor of California

SEAL

ATTEST MARCH FONG EU  
Secretary of State

by Mary Ann Miller  
Deputy Secretary of State

**ANNOUNCEMENTS**

The Chief Clerk announced that the next order of business was the nomination and election of officers of the Assembly for the 1975-76 First Extraordinary Session of the Legislature, and declared that nominations for officers of the Assembly were now in order

**RESOLUTIONS**

The following resolution was offered:

By Assemblyman Berman:

**House Resolution No. 1**

Relative to the election of Assembly officers

*Resolved by the Assembly of the State of California*, That the following named persons constitute the officers of the Assembly for the 1975-76 First Extraordinary Session:

Honorable Leo T. McCarthy	Speaker
Honorable Louis J. Papan	Speaker pro Tempore
James D. Driscoll	Chief Clerk
Tony Beard	Sergeant at Arms
Father Leo McAllister	Chaplain

Resolution read, and on motion by Mr. Berman, adopted by the following vote (**AYES—67; NOES—None**):

**AYES**

Antonovich	Deddeh	Lancaster	Robinson
Arnett	Dixon	Lansterman	Rosenthal
Badham	Duffy	MacDonald	Siegler
Bane	Egeland	Maddy	Sieroty
Bannai	Fenton	McAlister	Suitt
Berman	Foran	McLennan	Thomas, Vincent
Beverly	Garamendi	McVittie	Thomas, William
Boatwright	Goggin	Millee	Thuman
Briggs	Greene, Bill	Mobley	Tories
Calvo	Greene, Leroy F.	Montoya	Vasconcellos
Campbell	Gualco	Murphy	Vicencia
Carpenter	Hart	Nestande	Warren
Chappie	Ingalls	Nimmo	Wilson
Chel	Kaploff	Papan	Wornum
Chumbale	Keene	Peirano	Z'berg
Cline	Keyser	Priolo	Mr. Speaker
Davis	Knox	Ralph	

**NOES—None.**

Whereupon, the Chief Clerk announced the vote of the Assembly and declared the following as the choice of the Assembly for Officers for the 1975-76 First Extraordinary Session. Hon Leo T McCarthy, Speaker, Hon Louis J Papan, Speaker pro Tempore, James D Driscoll, Chief Clerk, Tony Beard, Sergeant at Arms, and Father Leo McAllister, Chaplain.

**OATHS OF OFFICE ADMINISTERED**

Hon Leo T McCarthy, Speaker-elect, Hon Louis J Papan, Speaker pro Tempore-elect; James D. Driscoll, Chief Clerk-elect, Tony Beard, Sergeant at Arms-elect, and Father Leo McAllister, Chaplain-elect, appeared at the bar of the Assembly and took and subscribed to the following oath, administered by George Murphy, Legislative Counsel:

**Oath**

I do solemnly swear (or affirm) that I will support and defend the Constitution of the United States and the Constitution of the State of California against all enemies, foreign and domestic; that I will bear true faith and allegiance to the Constitution of the United States and the Constitution of California; that I take this obligation freely, without any mental reservation or purpose of evasion, and that I will well and faithfully discharge the duties upon which I am about to enter

**RESOLUTIONS**

The following resolution was offered:

By Assemblyman Berman:

**House Resolution No. 2****Relative to the Assembly Rules**

*Resolved by the Assembly of the State of California*, That the Permanent Standing Rules of the Assembly for the 1975-76 Regular Session are hereby adopted as the rules for the 1975-76 First Extraordinary Session.

Resolution read, and on motion of Mr. Berman, adopted by the following vote (**AYES—70; NOES—None**):

**AYES**

Alatorre	Davis	Lancaster	Ralph
Antonovich	Deddeb	Lanterman	Robinson
Arnett	Dixon	Lewis	Rosenthal
Badham	Duffy	MacDonald	Siegler
Bane	Egeland	Maddy	Sietoty
Bannai	Fenton	McAlister	Suitt
Berman	Foran	McLennan	Thomas, Vincent
Beverly	Gaiamendi	McVittie	Thomas, William
Briggs	Goggin	Miller	Thurman
Calvo	Greene, Bill	Moblej	Toures
Campbell	Greene, Leroy F	Montoya	Tucker
Carpenter	Gualco	Murphy	Vicencia
Chappie	Hait	Nestande	Warren
Chel	Ingalls	Nimmo	Wilson
Chimbole	Kapiloff	Papan	Wormum
Cline	Keene	Perino	Z'berg
Craven	Keyser	Priolo	Mr. Speaker
Cullen	Knox		

**NOES—None.****APPOINTMENT OF COMMITTEES**

Speaker McCarthy was granted unanimous consent that the following committees be appointed for the 1975-76 First Extraordinary Session, with the same membership and chairmen as for the 1975-76 Regular Session:

**Housing and Community Development**—Chacon (Chairman), Robinson (Vice Chairman), Brown, Campbell, Carpenter, Cullen, Goggin, Gualco, Maddy, Nestande, Siegler, William Thomas, and Vasconcellos.

**Revenue and Taxation**—Boatwright (Chairman), McVittie (Vice Chairman), Alatorre, Bannai, Calvo, Chel, Cline, Deddeb, Kapiloff, Lewis, Lockyer, Murphy, and Robinson.

**Rules**—Ralph (Chairman), Mobley (Vice Chairman), Burke, Chappie, Davis, MacDonald, and Montoya.

**Ways and Means**—Foran (Chairman), Lanterman (Vice Chairman), Berman, Boatwright, Burke, Chacon, Chappie, Davis, Duffy, Bill Greene, Lewis, MacDonald, McAlister, Maddy, Miller, Papan, Sieroty, Warren, and Z'berg.

### RESOLUTIONS

The following resolution was offered:

By Assemblyman Berman:

#### House Resolution No. 3

Relative to organization of the Assembly for the  
1975-76 First Extraordinary Session

*Resolved by the Assembly of the State of California*, (1) That the Chief Clerk or the Sergeant at Arms be and they are hereby authorized to receipt to the Controller for all warrants for the payment of Members, Officers and Attachés of the Assembly

(2) That the Chief Clerk is authorized to receipt from the Members of the Assembly, a mailing list of Histories, to be directed to libraries, chambers of commerce, and other public centers, and to individuals for general inspection. This list is to be limited to ten (10) names each, and shall be forwarded to the Legislative Bill Room for regular mailing. No member shall include on the list any state department or employee thereof except state colleges and universities. The Chief Clerk is further authorized to place accredited newspaper representatives on the regular mailing list as well as the Attorney General, the office of the Legislative Counsel, and the Governor's Office.

#### Request for Unanimous Consent

Mr Berman was granted unanimous consent to take up House Resolution No. 3 without reference to committee or file.

Resolution read, and adopted by the following vote (**AYES**—70;  
**NOES**—None):

#### AYES

Altonise	Craven	Keyser	Perno
Antonovich	Cullen	Knox	Priolo
Arnott	Davis	Laucaster	Ralph
Badham	Deddeh	Lanterman	Robinson
Bane	Dixon	Lewis	Rosenthal
Bannai	Duffy	MacDonald	Siegler
Berman	Egeland	Maddy	Sieroty
Beverly	Fenton	McAlister	Suitt
Boatwright	Foran	McLanman	Thomas, Vincent
Briggs	Garamendi	McVittie	Thomas, William
Brown	Goggin	Miller	Torres
Calvo	Greene Bill	Mobley	Vicentia
Campbell	Greene, Leroy F'	Montoya	Warren
Carpenter	Gualco	Murphy	Wilson
Chappie	Hart	Nestande	Wornum
Chel	Incolls	Nimmo	Z'berg
Chimhole	Kapiloff	Papan	Mr. Speaker
Chine	Keene		

**NOES**—None.

**MESSAGES FROM THE SENATE**

Senate Chamber, February 17, 1975

Mr Speaker: I am directed to inform your honorable body that the Senate on this day adopted:

SCR No. 1

DARRYL R WHITE, Secretary of the Senate  
By John W. Rovane, Chief Assistant Secretary

**FIRST READING AND REFERENCE OF SENATE BILLS**

The following resolution was read:

**Senate Concurrent Resolution No. 1**—Relative to the Joint Rules of the Senate and Assembly.

**REQUEST FOR UNANIMOUS CONSENT TO TAKE UP  
SENATE CONCURRENT RESOLUTION NO. 1**

Mr. Ralph was granted unanimous consent to take up Senate Concurrent Resolution No 1 without reference to committee, print, or file

**Consideration of Senate Concurrent Resolution No. 1**

**Senate Concurrent Resolution No. 1**—Relative to the Joint Rules of the Senate and Assembly

Resolution read, presented by Mr. Ralph, and adopted by the following vote (**AYES—72; NOES—None**):

**AYES**

Alatorre	Craven	Keyser	Priolo
Antonovich	Cullen	Knox	Ralph
Azzett	Davis	Laucaster	Robinson
Badham	Doddel	Lauterman	Rosenthal
Bane	Dixon	Lewis	Siegler
Bannai	Duffy	MacDonald	Sierofy
Beiman	Egeland	Maddy	Stutt
Bevely	Fenton	McAlister	Thomas, Vincent
Bontwright	Finan	McLennan	Thomas, William
Biggs	Garamendi	McVittie	Thurman
Brown	Goggin	Miller	Tories
Calvo	Greene, Bill	Mobley	Tucker
Campbell	Greene, Leroy F	Montoya	Vicenna
Carpenter	Gualco	Murphy	Watten
Chappie	Hart	Nesfande	Wilson
Chel	Ingalls	Nunno	Wornum
Chimhole	Kapiloff	Papan	Z'berg
Chine	Keene	Petino	Mr Speaker

**NOES—None.**

Resolution ordered transmitted to the Senate

**RECESS**

At 12 24 p m., Speaker McCarthy declared the Assembly recessed until 4 p m

**REASSEMBLED**

At 4 p m, the Assembly reconvened

Hon Leo T McCarthy, Speaker of the Assembly, presiding.

**INTRODUCTION, FIRST READING, AND REFERENCE  
OF ASSEMBLY BILLS**

The following bill was introduced, read the first time, and ordered held at the Desk.

**Assembly Bill No. 1:** By Assemblyman Chacon (Senator Zenovich, coauthor)—An act to amend Sections 37031, 37032, and 37033 of, and to add Division 31 (commencing with Section 41000) to, the Health and Safety Code, relating to housing, and making an appropriation therefor. j

**REFERENCE OF BILLS TO COMMITTEE**

Pursuant to the Assembly Rules, the following bill was referred to committee

*Assembly  
Bill No*

*Committee*

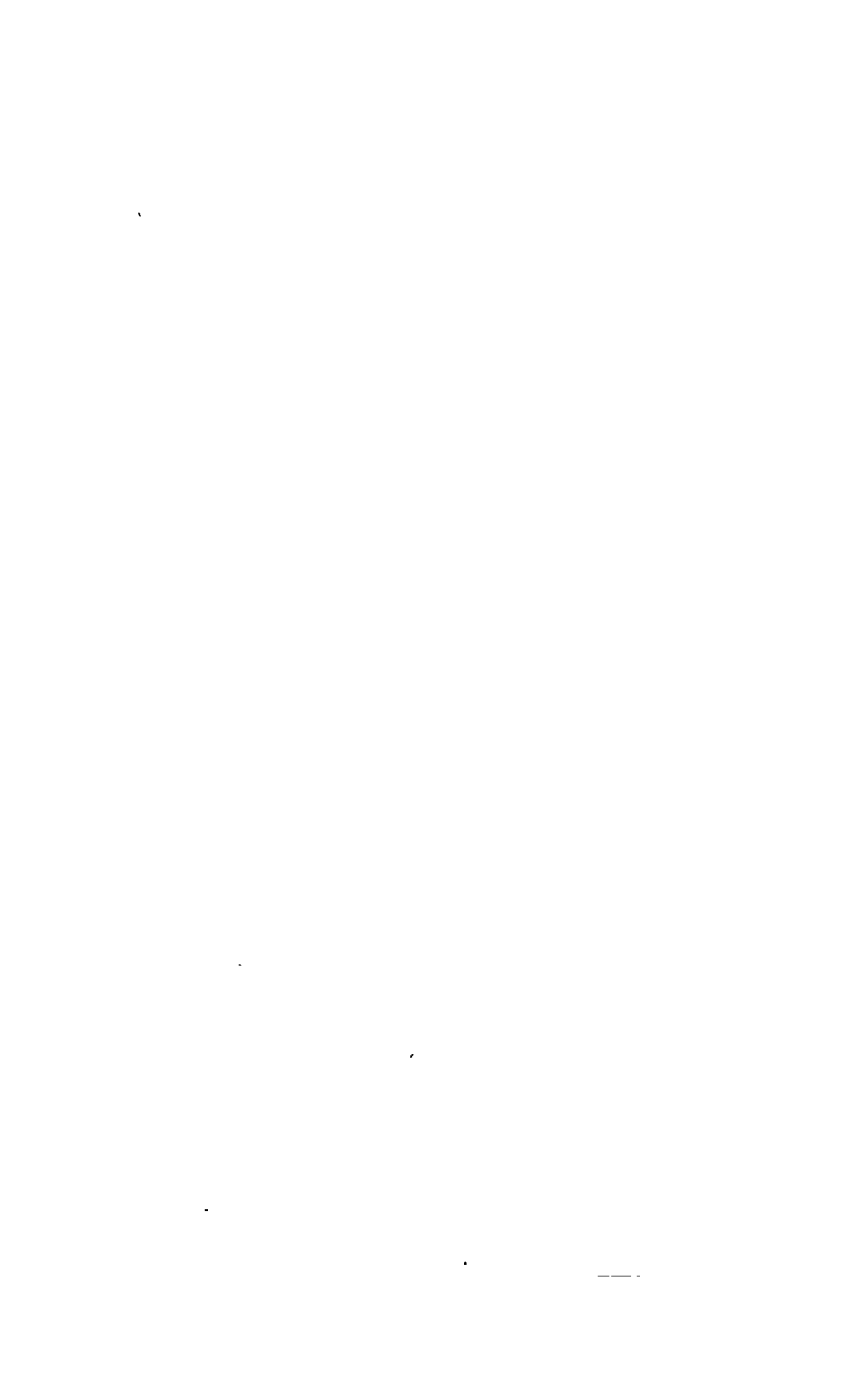
1.....Housing and Community Development

**ADJOURNMENT**

At 5 p m, Speaker McCarthy declared the Assembly adjourned until 9 a m, Tuesday, February 18, 1975.

LEO T McCARTHY, Speaker

ANABEL FLEURY, Minute Clerk





## CALIFORNIA LEGISLATURE

1975-76 FIRST EXTRAORDINARY SESSION

**ASSEMBLY DAILY JOURNAL**

Second Legislative Day

Second Calendar Day

**IN ASSEMBLY**

Assembly Chamber, Sacramento

Tuesday, February 18, 1975

The Assembly met at 10:05 a.m.

Hon. Louis J. Papan, Speaker pro Tempore of the Assembly, presiding

Chief Clerk James D. Driscoll at the Desk.

Assistant Clerk Ray Monday reading

**ROLL CALL**

The roll was called, and the following answered to their names—70.

Antonovich	Collier	Knox	Priolo
Arnett	Craven	Laicester	Ralph
Badham	Cullen	Lauterman	Robinson
Bane	Davis	Lockyer	Rosenthal
Bannai	Deddeh	MacDonald	Siegler
Berman	Dixon	Muddy	Sierota
Beverly	Duffy	McAlister	Thomas, Vincent
Bontwright	Egeland	McVittie	Thomas, William
Briggs	Fenton	Mede	Thurman
Brown	Foran	Miller	Torres
Bulke	Greene, Leroy F.	Moblej	Tucker
Calvo	Gualco	Montoya	Vasconcellos
Campbell	Hart	Murphy	Warren
Carpenter	Hayden	Nestande	Wilson
Chacon	Ingalls	Nimmo	Wornum
Chappie	Kaploff	Papan	Zberg
Chel	Keene	Perino	Mr. Speaker
Cline	Keyser		

Quorum present

**REGULAR BUSINESS DISPENSED WITH**

By unanimous consent, the regular order of business of the Assembly was dispensed with for this legislative day.

### LEAVES OF ABSENCE FOR THE DAY

The following Member was granted leave of absence for the day, because of illness:

Mr Alatorre, on request of Speaker pro Tempore Papan.

The following Members were granted leaves of absence for the day, on legislative business:

Mr Chimbole, on request of Speaker pro Tempore Papan.

Mr Goggin, on request of Speaker pro Tempore Papan.

Mr Lewis, on request of Speaker pro Tempore Papan

Mr McLennan, on request of Speaker pro Tempore Papan

Mr Suitt, on request of Speaker pro Tempore Papan.

The following Member was granted leave of absence for the day, on personal business, and desired to waive his per diem.

Mr Garamendi, on request of Speaker pro Tempore Papan.

The following Member was granted leave of absence for the day, because of a death in his family.

Mr Vicencia, on request of Speaker pro Tempore Papan

The following Member was excused for the day, and his per diem was waived.

Mr. Bill Greene.

NOTE For letters explaining the absences of Messrs Lewis, Chimbole, Goggin, Suitt, and McLennan on this day on legislative business pursuant to the Assembly Rules, see Assembly Daily Journal for the regular session for this day.

### RECESS

At 10 08 a m , Speaker pro Tempore Papan declared the Assembly recessed until 2:56 p.m.

### REASSEMBLED

At 2:56 p m , the Assembly reconvened

Hon. Louis J Papan, Speaker pro Tempore of the Assembly, presiding.

### INTRODUCTION, FIRST READING, AND REFERENCE OF ASSEMBLY BILLS

The following bill was introduced, read the first time, and ordered held at the Desk:

**Assembly Bill No. 2:** By Assemblyman Bannai—An act to add Part 14 (commencing with Section 37965) to Division 24 of the Health and Safety Code, relating to housing, and making an appropriation therefor

**REFERENCE OF BILLS TO COMMITTEE**

Pursuant to the Assembly Rules, the following bill was referred to committee:

*Assembly*

*Bill No*

*Committee*

2----- Housing and Community Development

**ADJOURNMENT**

At 3 p.m., Speaker pro Tempore Papan declared the Assembly adjourned until 9 a.m., Wednesday, February 19, 1975.

LEO T McCARTHY, Speaker

ANABEL FLEURY, Minute Clerk



## CALIFORNIA LEGISLATURE

1975-76 FIRST EXTRAORDINARY SESSION

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**ASSEMBLY DAILY JOURNAL****Third Legislative Day****Third Calendar Day**

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**IN ASSEMBLY**

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Assembly Chamber, Sacramento  
Wednesday, February 19, 1975The Assembly met at 10:50 a m  
Hon Louis J. Papan, Speaker pro Tempore of the Assembly,  
presiding.Chief Clerk James D Driscoll at the Desk,  
Assistant Clerk Ray Monday reading.**ROLL CALL**

The roll was called, and the following answered to their names—75:

Antonovich	Collier	Keyser	Ralph
Arnett	Craven	Knox	Robinson
Badham	Cullen	Lancaster	Rosenthal
Bane	Davis	Lanterman	Stiegler
Banna	Deddeh	Lewis	Sieroty
Berman	Dixon	Loekyer	Suitt
Beverly	Duffy	MacDonald	Thomas, Vincent
Boatsright	Egeland	Maddy	Thomas, William
Buggs	Fenton	McAhter	Thurman
Brown	Folan	McLennan	Torres
Burke	Garamendi	McVittie	Tucker
Calvo	Goggin	Meade	Vasconcellos
Campbell	Greene, Leroy F	Mobley	Vicencia
Carpenter	Gualco	Moutoya	Warren
Chacon	Hart	Murphy	Wilson
Chappie	Hayden	Nestande	Wornum
Chel	Ingalls	Papan	Z'berg
Chimhole	Kapiloff	Perino	Mr. Speaker
Clune	Keene	Priolo	

Quorum present.

**REGULAR BUSINESS DISPENSED WITH**

By unanimous consent, the regular order of business of the Assembly was dispensed with for this legislative day.

**LEAVES OF ABSENCE FOR THE DAY**

The following Member was granted leave of absence for the day, because of illness:

Mr. Alatorre, on request of Speaker pro Tempore Papan.

The following Member was granted leave of absence for the day, on personal business, and desired to waive his per diem:

Mr. Nimmo, on request of Speaker pro Tempore Papan.

The following Member was granted leave of absence for the day, because of an illness in his family:

Mr. Miller, on request of Speaker pro Tempore Papan.

The following Member was excused for the day, and his per diem was waived:

Mr. Bill Greene.

**RECESS**

At 10 52 a m, Speaker pro Tempore Papan declared the Assembly recessed until 2:45 p m.

**REASSEMBLED**

At 2:45 p m., the Assembly reconvened.

Hon. Louis J. Papan, Speaker pro Tempore of the Assembly, presiding

**ADJOURNMENT**

At 2 46 p m, Speaker pro Tempore Papan declared the Assembly adjourned until 1 30 p m, Thursday, February 20, 1975.

LEO T. McCARTHY, Speaker

ANABEL FLEURY, Minute Clerk

## CALIFORNIA LEGISLATURE

1975-76 FIRST EXTRAORDINARY SESSION

## ASSEMBLY DAILY JOURNAL

Fourth Legislative Day

Fourth Calendar Day

## IN ASSEMBLY

Assembly Chamber, Sacramento  
Thursday, February 20, 1975

The Assembly met at 4.20 p.m.

Hon. Leo T. McCarthy, Speaker of the Assembly, presiding.

Chief Clerk James D. Driscoll at the Desk.

Assistant Clerk Ray Monday reading.

## ROLL CALL

The roll was called, and the following answered to their names—78:

Alatorre	Collier	Knox	Priolo
Antonovich	Craven	Lancaster	Ralph
Arnett	Cullen	Lanterman	Robinson
Badham	Davis	Lewis	Rosenthal
Bane	Deddeh	Lockyer	Siegler
Banna	Dixon	MacDonald	Sieroty
Berman	Duffy	Maddy	Sutt
Beverly	Egeland	McAlister	Thomas, Vincent
Boatwright	Fenton	McLennan	Thomas, William
Briggs	Foran	McVittie	Thuman
Brown	Garamendi	Meade	Torres
Burke	Goggin	Miller	Tucker
Calvo	Greene, Bill	Mobley	Vasconcellos
Campbell	Greene, Leroy F	Montoya	Vicencia
Carpenter	Gualco	Murphy	Warren
Chacon	Hart	Nestande	Wilson
Chappie	Hayden	Nimmo	Wornum
Chel	Ingalls	Papan	Z'berg
Chumbole	Keene	Perino	Mr. Speaker
Cline	Keysor		

Quorum present.

## PRAYER

The following prayer was offered by the Chaplain, Father Leo McAllister:

*God, Our Father*, Today we use for meditation the words of Robert Earl.

“Man is holy when he can laugh at his clumsy, importunate,  
but sacred flesh,  
And when he can also face the universe, the rage of other men,  
all the forces that would destroy him,  
And say. I am free I am unique. I am immortal and nothing  
can crush me. I live. But that takes faith”.—AMEN.

### PLEDGE OF ALLEGIANCE TO THE FLAG

Upon request of Speaker pro Tempore Papan, Mr Garamendi then led the Assembly in the pledge of allegiance to the Flag.

### MOTION TO DISPENSE WITH READING OF THE JOURNAL

Further reading of the Journal of the previous legislative day was dispensed with on motion of Mr Calvo, seconded by Mr. Badham

### LEAVES OF ABSENCE FOR THE DAY

The following Member was granted leave of absence for the day, because of illness.

Mr. Kapiloff, on request of Speaker McCarthy.

### REPORTS OF STANDING COMMITTEES

#### Committee on Housing and Community Development

Assembly Chamber, February 20, 1975

Mr. Speaker The Chairman of your Committee on Housing and Community Development reports:

AB No. 2

With author's amendments with the recommendation. Amend. and refer to the Committee on Housing and Community Development

CHACON, Chairman

### SECOND READING OF BILLS—AUTHOR'S AMENDMENTS

**Assembly Bill No. 2**—An act to add Part 14 (commencing with Section 37965) to Division 24 of the Health and Safety Code, relating to housing, and making an appropriation therefor.

Bill read second time.

### Consideration of Author's Amendments

The following author's amendments, pursuant to the Assembly Rules, were read, and adopted:

#### Amendment No. 1

On page 3, line 17, of the printed bill, after "Legislature", insert "or during the 1975 First Extraordinary Session of the Legislature".

#### Amendment No. 2

On page 3, line 26, after "Legislature", insert "or during the 1975 First Extraordinary Session of the Legislature".

Bill ordered reprinted, and to be re-referred to the Committee on Housing and Community Development

### ADJOURNMENT

At 4 21 p m, Speaker McCarthy declared the Assembly adjourned until 9.30 a m., Monday, February 24, 1975.

LEO T. MCCARTHY, Speaker

ANABEL FLEURY, Minute Clerk



## CALIFORNIA LEGISLATURE

1975-76 FIRST EXTRAORDINARY SESSION

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# ASSEMBLY DAILY JOURNAL

Fifth Legislative Day

Eighth Calendar Day

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**IN ASSEMBLY**


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Assembly Chamber, Sacramento  
Monday, February 24, 1975

The Assembly met at 11:14 a.m.

Hon. Leo T. McCarthy, Speaker of the Assembly, presiding.

Chief Clerk James D. Driscoll at the Desk.

Assistant Clerk Ray Monday reading.

**ROLL CALL**

The roll was called, and the following answered to their names—75:

Antonovich	Craven	Launcester	Ralph
Arnett	Cullen	Lanterman	Robinson
Badham	Davis	Lewis	Rosenthal
Banna	Deddeh	Lockyer	Siegler
Berman	Dixon	MacDonald	Sietoty
Beverly	Duffy	Maddy	Suitt
Bontwright	Egeland	McAlister	Thomas, Vincent
Briggs	Fenton	McLennan	Thomas, William
Brown	Garamendi	McVittie	Thurman
Burke	Goggin	Mende	Tortes
Calvo	Greene, Bill	Miller	Tucker
Campbell	Greene, Leroy F.	Molloy	Va-concellos
Carpenter	Gualco	Montoya	Viceneva
Chacon	Hart	Murphy	Warren
Chappie	Hayden	Nestande	Wilson
Chel	Ingalls	Nimmo	Wornum
Chumbole	Keene	Papan	Z'berg
Clme	Keyser	Peumo	Mr. Speaker
Collier	Knox	Priolo	

Quorum present.

**PRAYER**

The following prayer was offered by the Chaplain, Father Leo McAllister:

*Lord,* In these days of criticism we look for a little consolation. You know our weaknesses and our needs.

Do not let the fear of failure or criticism dampen our eagerness to accomplish. Encourage our members to avoid waiting for the perfect bill with which no one can find fault.

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Save us from mediocrity and move us to action in all areas. Remind us that nothing would be done at all if a man waited until he could do it so well that no one would complain.—AMEN.

#### **PLEDGE OF ALLEGIANCE TO THE FLAG**

Upon request of Speaker pro Tempore Papan, Mr. William M. Thomas then led the Assembly in the pledge of allegiance to the Flag.

#### **MOTION TO DISPENSE WITH READING OF THE JOURNAL**

Further reading of the Journal of the previous legislative day was dispensed with on motion of Mr. Siegler, seconded by Mr. Berman.

#### **LEAVES OF ABSENCE FOR THE DAY**

The following Members were granted leaves of absence for the day, because of illness:

Mr. Bane, on request of Speaker pro Tempore Papan

Mr. Kapiloff, on request of Speaker pro Tempore Papan.

The following Member was granted leave of absence for the day, on legislative business:

Mr. Foran, on request of Speaker pro Tempore Papan.

The following Member was excused for the day, and his per diem was waived:

Mr. Alatorre.

NOTE: For letter explaining the absence of Mr Foran on this day on legislative business pursuant to the Assembly Rules, see Assembly Daily Journal for this day, for the regular session.

#### **COMMUNICATIONS**

Assembly Chamber, February 24, 1975

Mr. Speaker: Pursuant to your instructions, the Chief Clerk has examined:

AB No. 2

And reports the same correctly engrossed.

JAMES D. DRISCOLL, Chief Clerk

Above bill re-referred to committee.

#### **ADJOURNMENT**

At 11:15 a.m., Speaker McCarthy declared the Assembly adjourned until 9 a.m., Tuesday, February 25, 1975.

LEO T. MCCARTHY, Speaker

ANABEL FLEURY, Minute Clerk

## CALIFORNIA LEGISLATURE

1975-76 FIRST EXTRAORDINARY SESSION

**ASSEMBLY DAILY JOURNAL**

Sixth Legislative Day

Ninth Calendar Day

**IN ASSEMBLY**

Assembly Chamber, Sacramento

Tuesday, February 25, 1975

The Assembly met at 10.50 a m.

Hon Robert E Badham, Member of the Assembly, 74th District, presiding.

Chief Clerk James D. Driscoll at the Desk.

Assistant Clerk Ray Monday reading.

**ROLL CALL**

The roll was called, and the following answered to their names—76:

Alatorre	Collier	Knox	Priolo
Antonovich	Craven	Lancaster	Ruhb
Arnett	Cullen	Lanterman	Robinson
Badham	Davis	Lewis	Rosenthal
Banna	Deiddeh	Lockyer	Siegler
Berman	Dixon	MacDonald	Sieroty
Beverly	Duffy	Maddy	Soitt
Boatwright	Egeland	McAlister	Thomas, Vincent
Biggs	Fenton	McLennan	Thomas, William
Brown	Garamendi	McVittie	Thurman
Buike	Goggin	Mende	Torres
Calvo	Greene, Bill	Miller	Tucker
Campbell	Greene, Leroy F.	Mobley	Vasconcellos
Carpenter	Gualco	Montoya	Vicencia
Chacon	Hart	Murphy	Warren
Chappie	Hayden	Nestande	Wilson
Chel	Ingalis	Nimmo	Wornum
Chimbole	Keene	Papan	Z'berg
Cline	Keyser	Permo	Mr. Speaker

Quorum present.

**REGULAR BUSINESS DISPENSED WITH**

By unanimous consent, the regular order of business of the Assembly was dispensed with for this legislative day.

**LEAVES OF ABSENCE FOR THE DAY**

The following Member was granted leave of absence for the day, because of illness:

Mr. Kapiloff, on request of Acting Speaker Badham.

The following Member was granted leave of absence for the day, on legislative business:

Mr. Foran, on request of Acting Speaker Badham.

The following Member was excused for the day, and his per diem was waived:

Mr. Baue.

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NOTE: For letter explaining the absence of Mr. Foran on this day on legislative business pursuant to the Assembly Rules, see Assembly Daily Journal for the regular session for February 24, 1975, page 1241.

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**RECESS**

At 10 52 a.m., Acting Speaker Badham declared the Assembly recessed until 2:45 p.m.

**REASSEMBLED**

At 2 45 p.m., the Assembly reconvened.

Hon. Robert E. Badham, Member of the Assembly, 74th District, presiding.

**ADJOURNMENT**

At 2:46 p.m., Acting Speaker Badham declared the Assembly adjourned until 9 a.m., Wednesday, February 26, 1975.

LEO T. McCARTHY, Speaker

LAURICE DOMINGO, Acting Minute Clerk

## CALIFORNIA LEGISLATURE

1975-76 FIRST EXTRAORDINARY SESSION

**ASSEMBLY DAILY JOURNAL**

Seventh Legislative Day

Tenth Calendar Day

**IN ASSEMBLY**

Assembly Chamber, Sacramento  
 Wednesday, February 26, 1975

The Assembly met at 10 03 a m.

Hon Louis J Papan, Speaker pro Tempore of the Assembly, presiding

Chief Clerk James D Driscoll at the Desk

Assistant Clerk Ray Monday reading.

**ROLL CALL**

The roll was called, and the following answered to their names—73

Alatorre	Claven	Lancaster	Ralph
Antonovich	Cullen	Lanterman	Robinson
Ariett	Davis	Lewis	Rosenthal
Bane	Deddeh	Lockyer	Siegler
Bannai	Dixon	MacDonald	Sieroty
Beiman	Duffy	Maddy	Stutt
Beverly	Egeland	McAlister	Thomas Vincent
Boatwright	Fenton	McLennan	Thomas William
Buggs	Garamendi	McVittie	Thurman
Brown	Goggin	Mende	Torres
Bulke	Greene, Leroy F	Mohley	Tucker
Calvo	Gulco	Montoya	Vasconcellos
Campbell	Hart	Murphy	Vicencia
Carpenter	Hayden	Nestande	Warren
Chacon	Ingalls	Nimmo	Wilson
Chappie	Keene	Papan	Worrum
Chel	Kevsor	Petino	Zberg
Chimbole	Knox	Piolo	Mt Speaker
Cline			

Quorum present.

**REGULAR BUSINESS DISPENSED WITH**

By unanimous consent, the regular order of business of the Assembly was dispensed with for this legislative day.

**LEAVES OF ABSENCE FOR THE DAY**

The following Members were granted leaves of absence for the day, because of illness:

Mr. Kapiloff, on request of Speaker pro Tempore Papan

Mr. Miller, on request of Speaker pro Tempore Papan

The following Member was granted leave of absence for the day, on legislative business:

Mr. Foran, on request of Speaker pro Tempore Papan.

The following Member was granted leave of absence for the day, on legislative business, and desired to waive his per diem:

Mr. Badham, on request of Speaker pro Tempore Papan

The following Member was granted leave of absence for the day, because of a death in his family:

Mr. Collier, on request of Speaker pro Tempore Papan.

The following Member was excused for the day, and his per diem was waived:

Mr. Bill Greene.

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NOTE: For letter explaining the absence of Mr Foran on this day on legislative business pursuant to the Assembly Rules, see Assembly Daily Journal for the regular session for February 24, 1975, page 1241.

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NOTE: For letter explaining the absence of Mr Badham on this day on legislative business pursuant to the Assembly Rules, see Assembly Daily Journal for the regular session for this day.

**RECESS**

At 10:04 a.m., Speaker pro Tempore Papan declared the Assembly recessed until 2:45 p.m.

**REASSEMBLED**

At 2:45 p.m., the Assembly reconvened

Hon Louis J Papan, Speaker pro Tempore of the Assembly, presiding.

**ADJOURNMENT**

At 2:46 p.m., Speaker pro Tempore Papan declared the Assembly adjourned until 1:30 p.m., Thursday, February 27, 1975

LEO T. McCARTHY, Speaker

ANABEL FLEURY, Minute Clerk

## CALIFORNIA LEGISLATURE

1975-76 FIRST EXTRAORDINARY SESSION

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**ASSEMBLY DAILY JOURNAL**

Eighth Legislative Day

Eleventh Calendar Day

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**IN ASSEMBLY**


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Assembly Chamber, Sacramento  
Thursday, February 27, 1975

The Assembly met at 3:16 p.m.

Hon Leo T. McCarthy, Speaker of the Assembly, presiding.

Chief Clerk James D. Driscoll at the Desk.

Assistant Clerk Ray Monday reading.

**ROLL CALL**

The roll was called, and the following answered to their names—72:

Alatorre	Chimbole	Keysor	Papan
Antonovich	Chne	Knox	Perino
Arnett	Cullen	Lancaster	Ralph
Badham	Davis	Lanternman	Robinson
Bane	Deddeh	Lewis	Rosenthal
Banna	Dixon	Lockyer	Siegler
Berman	Duffy	MacDonald	Suitt
Beverly	Egeland	Maddy	Thomas, Vincent
Boatwright	Fenton	McAbster	Thomas, Wilham
Briggs	Foran	McLennan	Thurman
Brown	Garamendi	McVittie	Torres
Burke	Goggin	Meade	Tucker
Calvo	Greene, Bill	Miller	Vasconcellos
Campbell	Greene, Leroy F.	Mobley	Vicencia
Carpenter	Gualco	Montoya	Wilson
Chacon	Hart	Murphy	Wornum
Chappie	Hayden	Nestande	Z'berg
Chel	Ingalls	Nimmo	Mr. Speaker

Quorum present.

**PRAYER**

The following prayer was offered by the Chaplain, Father Leo McAllister:

*God, Our Father, Send your spirit to lead and guide all those entrusted with the responsibility of peoples' welfare*

While looking to the future with hope, remind us that it is the present that really shapes that future. Help us to weigh every idea and initiate every action with the greatest of care. Help us not only to speak the truth but also give us the ability to endure the truth.—AMEN.

**PLEDGE OF ALLEGIANCE TO THE FLAG**

Upon request of Speaker McCarthy, Mr. Murphy then led the Assembly in the pledge of allegiance to the Flag.

**MOTION TO DISPENSE WITH READING OF THE JOURNAL**

Further reading of the Journal of the previous legislative day was dispensed with on motion of Mr. Burke, seconded by Mr. Briggs.

**LEAVES OF ABSENCE FOR THE DAY**

The following Members were granted leaves of absence for the day, because of illness:

Mr. Craven, on request of Speaker McCarthy.

Mr. Kapiloff, on request of Speaker McCarthy.

The following Members were granted leaves of absence for the day, on legislative business:

Mr. Keene, on request of Speaker McCarthy.

Mr. Priolo, on request of Speaker McCarthy.

Mr. Sieroty, on request of Speaker McCarthy.

Mr. Warren, on request of Speaker McCarthy.

The following Member was granted leave of absence for the day, because of a death in his family:

Mr. Collier, on request of Speaker McCarthy.

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NOTE: For letters explaining the absences of Messrs Keene, Priolo, Sieroty, and Warren on this day on legislative business pursuant to the Assembly Rules, see Assembly Daily Journal for the regular session for this day.

**ADJOURNMENT**

At 3:17 p.m., Speaker McCarthy declared the Assembly adjourned until 9:30 a.m., Monday, March 3, 1975.

LEO T. McCARTHY, Speaker

ANABEL FLEURY, Minute Clerk



## CALIFORNIA LEGISLATURE

1975-76 FIRST EXTRAORDINARY SESSION

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**ASSEMBLY DAILY JOURNAL**

Ninth Legislative Day

Fifteenth Calendar Day

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**IN ASSEMBLY**

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Assembly Chamber, Sacramento  
Monday, March 3, 1975

The Assembly met at 10:55 a.m.

Hon. Louis J. Papan, Speaker pro Tempore of the Assembly, presiding.

Chief Clerk James D. Driscoll at the Desk.

Assistant Clerk Ray Monday reading.

**ROLL CALL**

The roll was called, and the following answered to their names—76:

Alatorre	Cline	Keysor	Perino
Antonovich	Craven	Knox	Priolo
Arnett	Cullen	Lancaster	Ralph
Badham	Davis	Lanterman	Robinson
Bane	Deddeh	Lewis	Rosenthal
Bannai	Dixon	Lockyer	Siegler
Berman	Duffy	MacDonald	Sieroty
Beverly	Egeland	Maddy	Thomas, Vincent
Boatwright	Fenton	McAlister	Thomas, William
Bugge	Foran	McLennan	Thurman
Brown	Garamendi	McVittie	Torres
Burke	Goggin	Meade	Tucker
Calvo	Greene, Bill	Miller	Vasconcellos
Campbell	Greene, Leroy F.	Mobley	Vicencia
Carpenter	Gualco	Montoya	Warren
Chacon	Hart	Murphy	Wilson
Chappie	Hayden	Nestande	Wornum
Chel	Ingalls	Nimmo	Z'berg
Chumbole	Keene	Papan	Mr. Speaker

Quorum present.

**REGULAR BUSINESS DISPENSED WITH**

By unanimous consent, the regular order of business of the Assembly was dispensed with for this legislative day.

**LEAVES OF ABSENCE FOR THE DAY**

The following Members were granted leaves of absence for the day, because of illness:

Mr. Kapiloff, on request of Speaker pro Tempore Papan.

Mr. Suitt, on request of Speaker pro Tempore Papan.

The following Member was granted leave of absence for the day, because of a death in his family:

Mr. Collier, on request of Speaker pro Tempore Papan.

**RECESS**

At 10:56 a.m., Speaker pro Tempore Papan declared the Assembly recessed until 2:45 p.m.

**REASSEMBLED**

At 2:45 p.m., the Assembly reconvened.

Hon. Louis J. Papan, Speaker pro Tempore of the Assembly, presiding.

**ADJOURNMENT**

At 2:46 p.m., Speaker pro Tempore Papan declared the Assembly adjourned until 9 a.m., Tuesday, March 4, 1975.

LEO T. McCARTHY, Speaker

ANABEL FLEURY, Minute Clerk

## CALIFORNIA LEGISLATURE

1975-76 FIRST EXTRAORDINARY SESSION

**ASSEMBLY DAILY JOURNAL**

Tenth Legislative Day

Sixteenth Calendar Day

**IN ASSEMBLY**Assembly Chamber, Sacramento  
Tuesday, March 4, 1975

The Assembly met at 10.24 a.m.

Hon Louis J Papan, Speaker pro Tempore of the Assembly, presiding

Chief Clerk James D Driscoll at the Desk.

Assistant Clerk Ray Monday reading.

**ROLL CALL**

The roll was called, and the following answered to their names—75:

Alatorre	Collier	Knox	Priolo
Antonovich	Craven	Lancaster	Ralph
Arnett	Cullen	Lanterman	Robinson
Bane	Davis	Lewis	Rosenthal
Bannai	Deddeh	Lockyer	Siegler
Berman	Dixon	MacDonald	Sieroty
Beverly	Duffy	Maddy	Thomas, Vincent
Boatwright	Egeland	McAbster	Thomas, William
Briggs	Fenton	McLennan	Thurman
Brown	Foran	McVittie	Tores
Burke	Garamendi	Meade	Tucker
Calvo	Goggin	Miller	Vasconcellos
Campbell	Greene, Leroy F.	Mobley	Vicencia
Carpenter	Gualco	Montoya	Warren
Chacon	Hart	Murphy	Wilson
Chappie	Hayden	Nestande	Wornum
Chel	Ingalls	Nimmo	Z'berg
Chimbole	Keene	Papan	Mr. Speaker
Chue	Keysor	Perino	

Quorum present.

**REGULAR BUSINESS DISPENSED WITH**

By unanimous consent, the regular order of business of the Assembly was dispensed with for this legislative day.

**LEAVES OF ABSENCE FOR THE DAY**

The following Members were granted leaves of absence for the day, because of illness:

Mr. Kapiloff, on request of Speaker pro Tempore Papan.

Mr. Suitt, on request of Speaker pro Tempore Papan.

The following Members were granted leaves of absence for the day, on personal business, and desired to waive their per diem:

Mr. Badham, on request of Speaker pro Tempore Papan

Mr. Bill Greene, on request of Speaker pro Tempore Papan.

NOTE: For letter explaining the absence of Mr. Badham on this day, see Assembly Daily Journal for the regular session for this day.

**RECESS**

At 10 26 a m, Speaker pro Tempore Papan declared the Assembly recessed until 2:45 p m.

**REASSEMBLED**

At 2:45 p m, the Assembly reconvened

Hon. Louis J. Papan, Speaker pro Tempore of the Assembly, presiding.

**INTRODUCTION, FIRST READING, AND REFERENCE OF ASSEMBLY BILLS**

The following bills were introduced, read the first time, and ordered held at the Desk:

**Assembly Bill No. 3:** By Assemblyman Bane—An act to add Part 6 (commencing with Section 11900) to Division 2 of the Financial Code, relating to the California Housing Corporation, and making an appropriation therefor.

**Assembly Bill No. 4:** By Assemblyman Bane—An act to add Section 17155 to the Revenue and Taxation Code, relating to taxation, to take effect immediately, tax levy.

**Assembly Bill No. 5:** By Assemblyman Bane—An act to amend Section 7184 of the Financial Code, relating to savings and loan associations.

**REFERENCE OF BILLS TO COMMITTEE**

Pursuant to the Assembly Rules, the following bill was referred to committee:

*Assembly*

*Bill No.*

*Committee*

3.....Housing and Community Development

**ADJOURNMENT**

At 2 47 p m , Speaker pro Tempore Papan declared the Assembly adjourned until 9 a m . Wednesday, March 5, 1975

LEO T McCARTHY, Speaker

ANABEL FLEURY, Minute Clerk



## CALIFORNIA LEGISLATURE

1975-76 FIRST EXTRAORDINARY SESSION

**ASSEMBLY DAILY JOURNAL**

Eleventh Legislative Day  
Seventeenth Calendar Day

**IN ASSEMBLY**

Assembly Chamber, Sacramento  
Wednesday, March 5, 1975

The Assembly met at 10:16 a.m.

Hon. Louis J. Papan, Speaker pro Tempore of the Assembly,  
presiding.

Chief Clerk James D. Driscoll at the Desk.

Assistant Clerk Ray Monday reading.

**ROLL CALL**

The roll was called, and the following answered to their names—72:

Alatorre	Collier	Keyser	Priolo
Antonovich	Craven	Knox	Ralph
Arnett	Cullen	Lancaster	Robinson
Bane	Davis	Lanterman	Rosenthal
Bannai	Deddeh	Lewis	Siegler
Berman	Dixon	Lockyer	Sieroty
Beverly	Duffy	MacDonald	Thomas, Vincent
Boatwright	Egeland	Maddy	Thomas, William
Brown	Fenton	McAlister	Thurman
Burke	Foran	McLennan	Torres
Calvo	Garamendi	McVittie	Tucker
Campbell	Goggin	Meade	Vasconcellos
Carpenter	Greene, Leroy F.	Miller	Vacencia
Chacon	Gualco	Mobley	Warren
Chappie	Hart	Murphy	Wilson
Chel	Hayden	Nestande	Wornum
Chimbole	Ingalls	Papan	Z'berg
Chne	Keene	Perino	Mr. Speaker

Quorum present.

**REGULAR BUSINESS DISPENSED WITH**

By unanimous vote, the regular order of business of the Assembly was dispensed with for this legislative day.

**LEAVES OF ABSENCE FOR THE DAY**

The following Members were granted leaves of absence for the day, because of illness:

Mr. Kapiloff, on request of Speaker pro Tempore Papan.

Mr. Suitt, on request of Speaker pro Tempore Papan.

The following Members were granted leaves of absence for the day, on personal business, and desired to waive their per diem:

Mr. Badham, on request of Speaker pro Tempore Papan.

Mr. Nimmo, on request of Speaker pro Tempore Papan.

The following Member was granted leave of absence for the day, because of a death in his family:

Mr. Montoya, on request of Speaker pro Tempore Papan.

The following Members were excused for the day, and their per diem was waived:

Mr. Briggs.

Mr. Bill Greene.

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NOTE: For letter explaining the absence of Mr. Badham on this day, see Assembly Daily Journal for the regular session for March 4, 1975, page 1416.

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NOTE: For letter explaining the absence of Mr. Montoya on this day, see Assembly Daily Journal for the regular session for this day.

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**RECESS**

At 10:18 a.m., Speaker pro Tempore Papan declared the Assembly recessed until 2:45 p.m.

**REASSEMBLED**

At 2:45 p.m., the Assembly reconvened.

Hon. Louis J. Papan, Speaker pro Tempore of the Assembly, presiding.

**ADJOURNMENT**

At 2:47 p.m., Speaker pro Tempore Papan declared the Assembly adjourned until 1:30 p.m., Thursday, March 6, 1975.

LEO T. McCARTHY, Speaker

ANABEL FLEURY, Minute Clerk



## CALIFORNIA LEGISLATURE

1975-76 FIRST EXTRAORDINARY SESSION

**ASSEMBLY DAILY JOURNAL**

Twelfth Legislative Day

Eighteenth Calendar Day

**IN ASSEMBLY**Assembly Chamber, Sacramento  
Thursday, March 6, 1975

The Assembly met at 4:16 p m

Hon Leo T McCarthy, Speaker of the Assembly, presiding.

Chief Clerk James D Driscoll at the Desk.

Assistant Clerk Ray Monday reading.

**ROLL CALL**

The roll was called, and the following answered to their names—75:

Antonovich	Cuven	Knox	Ralph
Arnett	Cullen	Lancaster	Robinson
Bane	Davis	Lanternman	Rosenthal
Bannai	Deddeh	Lewis	Siegler
Beiman	Dixon	Lockyer	Sieroty
Beverly	Duffy	MacDonald	Suitl
Bontwright	Egeland	Maddy	Thomas, Vincent
Briggs	Fenton	McAlister	Thomas, William
Brown	Foran	McLennan	Thurman
Buike	Garamendi	McVittie	Toues
Calvo	Goggin	Meade	Tucker
Campbell	Greene, Bill	Miller	Vacconcellos
Carpenter	Greene, Letoy F.	Mobley	Vicena
Chacon	Gualco	Murphy	Watten
Chappie	Hait	Nestande	Wilson
Chel	Harjden	Nimmo	Wornum
Chimhole	Ingalls	Papan	Z'berg
Chne	Keene	Perino	Mi Speaker
Collier	Kevor	Priolo	

Quorum present.

**PRAYER**

The following prayer was offered by the Chaplain, Father Leo McAllister:

Do not ask who the messenger is It is you  
 You're thinking, I'm neither angel nor evangel I'm just a woman  
 or a man  
 Or, as the Prophet Jeremiah once said "I'm just a child, you can't  
 mean me".  
 But you see you're human and that's what God became  
 That's the great secret of his hiding place, the secret that we keep  
 so well even from ourselves  
 It's time to be a messenger and let the world in on the secret.  
 How does it work?  
 If God is love, be loving.  
 If God is compassionate, be forgiving.  
 If God is just, act with integrity.  
 If God is one, don't tear things apart.  
 If God is joy, be joyful  
 If God is creator, be creative.  
 If God is life, choose life.  
 If God is spirit, be alive.

—Joseph Nolan

**PLEDGE OF ALLEGIANCE TO THE FLAG**

Upon request of Speaker McCarthy, Mr. Lockyer then led the Assembly in the pledge of allegiance to the Flag.

**MOTION TO DISPENSE WITH READING OF THE JOURNAL**

Further reading of the Journal of the previous legislative day was dispensed with on motion of Mr. Beverly, seconded by Mr. Kaploff.

**LEAVES OF ABSENCE FOR THE DAY**

The following Member was granted leave of absence for the day, because of illness.

Mr. Kaploff, on request of Speaker McCarthy.

The following Members were granted leaves of absence for the day, on personal business, and desired to waive their per diem.

Mr. Alatorre, on request of Speaker McCarthy.

Mr. Badham, on request of Speaker McCarthy.

The following Member was granted leave of absence for the day, because of a death in his family.

Mr. Montoya, on request of Speaker McCarthy.

NOTE For letter explaining the absence of Mr Badham on this day, see Assembly Daily Journal for the regular session for March 4, 1975, page 1416.

NOTE For letter explaining the absence of Mr Alatoire on this day, see Assembly Daily Journal for the regular session for this day

### REPORTS OF STANDING COMMITTEES

#### Committee on Housing and Community Development

Assembly Chamber, March 6 1975

Mr Speaker The Chairman of your Committee on Housing and Community Development reports.

##### AB No 1

With author's amendments with the recommendation. Amend, and refer to the Committee on Housing and Community Development

CHACON, Chairman

### SECOND READING OF BILLS—AUTHOR'S AMENDMENTS

**Assembly Bill No. 1**—An act to amend Sections 37031, 37032, and 37033 of, and to add Division 31 (commencing with Section 41000) to, the Health and Safety Code, relating to housing, and making an appropriation therefor

Bill read second time.

#### Consideration of Author's Amendments

The following author's amendments, pursuant to the Assembly Rules, were read, and adopted:

##### Amendment No. 1

In line 1 of the heading of the printed bill, strike out "Assemblyman Chacon", and insert "Assemblymen Chacon, Alatorre, Bannai, Berman Boatwright, Calvo, Chappie, Chel, Chumbole, Craven, Cullen, Davis, Deddeh, Dixon, Egeland, Fenton, Foran, Garamendi, Goggin, Leroy F Greene, Gualco, Hart, Hayden, Kapiloff, Keene, Keysor, Knox, Lanterman, MacDonald, McAlister, McCarthy, McVittie, Miller, Montoya, Perino, Robinson, Rosenthal, Siegler, Sieroty, Suftt, Vincent Thomas, Thurman, Torres, Tucker, Vasconcellos, Vicencia, Wilson, and Wornum".

**Amendment No. 2**

In line 2 of the heading, strike out "Coauthor: Senator Zenovich", and insert "Coauthors Senators Zenovich, Moscone, Alquist, Ayala, Behr, Collier, Dills, Dunlap, Garcia, Gregorio, Kennick, Marks, Nejedly, Presley, Rains, Robbins, Rodda, Schrade, Smith, and Song".

**Amendment No. 3**

In line 1 of the title, strike out "37031, 37032, and 37033 of, and", and insert "7267, 7268, 11552, and 11556 of the Government Code, to amend Section 34802 of, to amend the heading of Article 4 (commencing with Section 34900) of Chapter 1 of Part 3 of Division 24 of,".

**Amendment No. 4**

In line 2 of the title, after "add", insert "Section 17958 9 to, to add".

**Amendment No. 5**

In line 2 of the title, after the comma, insert "to repeal Chapter 3 (commencing with Section 17930) of Part 1 5 of Division 13 of, and to repeal Part 8 (commencing with Section 37000) of Division 24 of,".

**Amendment No. 6**

In line 3 of the title, after the first comma, insert "and to repeal Section 8 of Chapter 1222 of the Statutes of 1965,".

**Amendment No. 7**

On page 3, strike out line 1, and insert  
"SECTION 1. Section 7267 8 of the Government Code is amended to read:

7267 8. (a) All public entities shall adopt rules and regulations to implement payments and to administer relocation assistance under the provisions of this chapter. Such rules and regulations shall be in conformity with the guidelines adopted by the ~~Commission~~ Department of Housing and Community Development pursuant to Section 7268. Such rules and regulations shall, to the fullest extent possible, also be consistent as to federal and nonfederal projects.

(b) Notwithstanding the provisions of subdivision (a), with respect to a federally funded project, a public entity shall make relocation assistance payments and provide relocation advisory assistance as required under federal law.

SEC. 2 Section 7268 of the Government Code is amended to read  
7268 (a) The ~~Commission~~ Department of Housing and Community Development shall adopt guidelines for the implementation of payments under this chapter and for the uniform administration of relocation assistance by public entities carrying out the provisions of this chapter. *Guidelines of the Commission of Housing and Community Development, adopted prior to the effective date of amendments to this section enacted at the 1975 First Extraordinary Session of the Legislature, shall be continued in effect as the guidelines of the Department of Housing and Community Development until such time as they may be revised by the department*

(b) The ~~Commission~~ *Department* of housing and Community Development shall, to the fullest extent possible, conform such guidelines to the Presidential Guidelines promulgated by the executive office of the President of the United States, Office of Management and Budget, the requirements of the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970 (P L 91-646), and the rules and regulations promulgated pursuant thereto.

(c) Such guidelines shall provide that the payments and assistance required of a public entity under this chapter shall be administered in a manner that is fair and reasonable and as uniform as practicable. The guidelines shall also provide that the payments shall be made as promptly as possible or, in hardship cases, in advance. In addition, such guidelines shall provide a reasonable mileage limitation in determining the actual and reasonable expense in moving a business for purposes of Section 7262.

(d) In adopting such guidelines the ~~Commission~~ *Department* of Housing and Community Development shall consult with the public entities carrying out the provisions of this chapter.

(e) The Department of Housing and Community Development shall provide consulting and technical assistance to public entities in drafting and amending rules and regulations to implement payments and to administer relocation assistance under this chapter.

SEC 3. Section 11552 of the Government Code is amended to read:  
11552 An annual salary of thirty thousand dollars (\$30,000) shall be paid to each of the following:

- (a) Superintendent of Banks
- (b) Commissioner of Corporations
- (c) Insurance Commissioner
- (d) Director of Transportation
- (e) Real Estate Commissioner
- (f) Savings and Loan Commissioner
- (g) Director of Benefit Payments
- (h) Director of Water Resources
- (i) Director of Food and Agriculture
- (j) Director of Corrections
- (k) Director of General Services
- (l) Director of Industrial Relations
- (m) Director of Motor Vehicles
- (n) Director of Youth Authority
- (o) Commissioner, California Highway Patrol
- (p) Members of the Public Utilities Commission
- (q) Director of Employment Development
- (r) Director of Alcoholic Beverage Control -
- (s) *Director of Housing and Community Development*

SEC. 4 Section 11556 of the Government Code is amended to read:

11556 An annual salary of twenty-five thousand dollars (\$25,000) shall be paid to each of the following:

- (a) Director of Navigation and Ocean Development
- (b) Director, Office of Emergency Services

~~(c)~~ Director, Department of Housing and Community Development

~~(d)~~ (c) Members of the Adult Authority

~~(e)~~ (d) Members of the Board of Equalization

~~(f)~~ (c) Members of the State Water Resources Control Board

~~(g)~~ (f) Members of the Youth Authority Board

~~(h)~~ (g) State Fire Marshal.

SEC 5 Chapter 3 (commencing with Section 17930) of Part 15 of Division 13 of the Health and Safety Code is repealed

SEC. 6 Section 17958 9 is added to the Health and Safety Code, to read:

17958 9 Any modifications or changes adopted pursuant to Section 17958 5 on or after March 1, 1975, shall be subject to review by the Building Regulations Review Board pursuant to Chapter 5 (commencing with Section 41225) of Part 2 of Division 3 and shall take effect only as provided therein

SEC 7 Section 34802 of the Health and Safety Code is amended to read:

34802 "Commission" means the Commission of Housing and Community Development

SEC 8 The heading of Article 4 (commencing with Section 34900) of Chapter 1 of Part 3 of Division 24 of the Health and Safety Code is amended to read:

Article 4 Powers and Duties of the Commission of Housing and Community Development

SEC 9 Part 8 (commencing with Section 37000) of the Health and Safety Code is repealed

SEC 10 Division 31 (commencing with Section 41000) is added to the Health and Safety Code, to read:

## DIVISION 31 HOUSING AND HOME FINANCE

### PART 1 STATE HOUSING POLICY AND GENERAL PROVISIONS

#### CHAPTER 1 LEGISLATIVE FINDINGS AND DECLARATIONS

41000 This part shall be known and may be cited as the Chacon-Mosccone-Zenovich Housing and Home Finance Act

41001 The Legislature finds and declares that the subject of housing is of vital statewide importance to the health, safety, morals, and welfare of the residents of this state, for the following reasons:

(a) Decent housing is an essential motivating force in helping people achieve self-fulfillment in a free and democratic society

(b) Unsanitary, unsafe, overcrowded, or congested dwelling accommodations constitute conditions which cause an increase in, and spread of, disease and crime

(c) A healthy housing market is one in which residents of this state have a choice of housing opportunities and one in which the housing consumer may effectively choose within the free marketplace.

(d) A healthy housing market is fundamentally related to a healthy state economy and can contribute significantly to the employment factor of California

41002 The Congress of the United States has established, as a national goal, the provision of a decent home and a suitable living environment for every American family and the Legislature finds and declares that the attainment of this goal is a priority of the highest order. The national housing goal, as it applies to California, is deserving of adoption by the Legislature, with the accompanying commitment to guide, encourage, and direct where possible, the efforts of the private and public sectors of the economy to cooperate and participate in the early attainment of a decent home and a satisfying environment for every Californian.

The attainment of a national and state housing goal is complicated by a variety of continuing problems, not the least of which are the absence of a coherent housing policy, the absence of a comprehensive framework outlining the dimensions of need and obstacles preventing the fulfillment of such need, the absence of effective private-public mechanisms designed to engender and facilitate a partnership approach to housing, and the absence of effective subsidy programs designed to reach very low income households.

41003 The Legislature finds and declares that, as a result of public actions involving highways, public facilities, and urban renewal projects, and as a result of poverty and the spread of slum conditions and blight to formerly sound neighborhoods, there exists within the urban and rural areas of the state a serious shortage of decent, safe, and sanitary housing available at low and moderate rentals which persons and families of low and moderate income and elderly and handicapped persons can afford. This shortage is inimical to the safety, health, morals, and welfare of the residents of this state and the sound growth of its communities. Private enterprise and investment, without the assistance contemplated in this division, is not disposed to provide, nor can it economically achieve, the needed construction of decent, safe, and sanitary housing at rentals which persons and families of low and moderate income can afford the urgently needed rehabilitation of existing housing.

In order to remedy such housing shortages, it is necessary to implement a public program incorporating the following elements and goals:

(a) A reduction in the cost of mortgage financing for rental housing for persons and families of low and moderate income, so as to reduce economic pressures for increased rental payments.

(b) A reduction in the cost of mortgage financing for home purchases, in order to make homeownership feasible for persons and families of low or moderate income.

(c) The availability of mortgage financing in geographical areas in which private lenders have been unable or unwilling to commit additional funds for residential lending.

(d) The provision of assistance and encouragement with respect to residential construction and rehabilitation by private enterprise which will house persons of varied economic means in the same structures and neighborhoods, thereby alleviating and contributing to the permanent elimination of slum conditions

(e) Restoration and rehabilitation of structures of architectural or historic merit

(f) An increase in the supply of housing available to the elderly and handicapped and large families

(g) Encouragement and assistance of housing and community development in rural areas and among Indian residents of the state

(h) Encouragement of mutual self-help housing projects, home management training, and relocation assistance

(i) Maximum utilization of federal subsidies available to meet housing needs of very low income households

(j) The availability to local governments of the financial resources and statistical data needed to assist them in meeting housing needs within their respective jurisdictions

41004 The Legislature finds and declares that it is to the economic benefit of the state and a public purpose to encourage the availability of adequate housing and home finance for persons and families of low or moderate income, and to develop viable urban and rural communities by providing decent housing, enhanced living environment, and increased economic opportunities for persons and families of low or moderate income. The exercise of the powers specified in this division will be in all respects for the benefit of the people of the state, for their well-being and prosperity, and for the improvement of their social and economic conditions. Therefore, this division shall be liberally construed to effect its purposes

#### CHAPTER 2 DEFINITIONS

41020 Unless otherwise indicated by the context, the definitions contained in this chapter shall govern the construction of this division.

41021 "Affirmative action" means any program to create greater job opportunities for members of disadvantaged racial, sexual, religious, ancestral, or national-origin groups. Such program shall include educational, promotional, and other appropriate activity designed to secure greater employment opportunity for the members of such groups.

41022 "Affirmative marketing program" means any program to achieve greater access to housing opportunities created by this division for members of disadvantaged racial, sexual, religious, ancestral or national-origin groups. Such program shall include educational, promotional, and other appropriate activity designed to secure greater housing opportunities for the members of such groups.

41023 "Affordable rent" means rent not in excess of the percentage of the gross income of the occupant person or family established by regulation of the agency and not in excess of market rent. Such percentage shall be established at not more than 25 percent nor less



than 15 percent of gross income as will best serve the purposes of this part. The agency shall, by regulation, develop criteria defining, and providing for determination of, gross income and rent for purposes of this section, which shall be consistent with pertinent regulations of the Department of Housing and Urban Development or other federal law with respect to developments aided by the federal government.

41024 "Agency" means the California Housing Finance Agency.

41025 "Assisted housing" means housing financed by a below-market interest rate mortgage insured or purchased, or a loan made, by the Secretary of the United States Department of Housing and Urban Development or by the Farmers Home Administration of the United States Department of Agriculture, or a market-interest-rate mortgage insured or purchased, or a loan made in combination with, or as augmented by, a program of rent supplements or subsidies, interest subsidies, leasing, contributions or grants, or other programs as are now or hereafter authorized by federal law to serve persons and families of low or moderate income, a mortgage or loan made pursuant to this part; or a mortgage or loan from any private or public source with an interest rate and terms satisfactory to the agency and which will meet the requirements and purposes of this division.

41026 "Below-market interest" means the interest rate determined by the agency to be sufficient to return to the agency sufficient income to meet its obligations and expenses connected with a mortgage for which an interest rate below the then current market rate is determined, at the time of commitment of funds by the agency.

41027 "Board" means the board of directors of the agency.

41028 "Bonds" means bonds, notes (including construction loan notes), debentures, interim certificates, or other evidences of financial indebtedness issued by the agency pursuant to Part 3 (commencing with Section 41300) of this division.

41029 "Cause" means gross neglect of duties, fraud, or violation of Section 41304 or Section 41305.

41030 "Citizen participation" means action by the local public entity to provide persons who will be affected by rehabilitation assistance financed under the provisions of Chapter 6 (commencing with Section 41550) of Part 3 of this division with opportunities to be involved in planning and carrying out the rehabilitation assistance program. "Citizen participation" shall include, but not be limited to, all of the following:

- (1) Holding a public meeting prior to the hearing by the local public entity considering selection of the area for designation.
- (2) Consultation with an elected or appointed citizen advisory board, composed of representatives of owners of property in, and residents of, a proposed participating concentrated rehabilitation area, in developing a plan for public improvements and the rules and regulations for implementation of the proposed rehabilitation assistance program.
- (3) Dissemination by mailing to property owners within the proposed rehabilitation area at the address shown on the latest assessment

roll and by distribution to residents of the proposed participating concentrated rehabilitation area by a manner determined appropriate by the local public entity, of information relating to the time and location of meetings, boundaries of the proposed area, and a general description of the proposed rehabilitation assistance program.

(4) Any other means of citizen involvement determined appropriate by the legislative body of the local public entity

Public meetings and consultations held to implement the requirements of citizen participation shall be conducted by a planning or rehabilitation official designated by the legislative body of the local public entity. Public meetings shall be held at times and places convenient to residents and property owners.

41031 "Commission" means the Commission of Housing and Community Development.

41032 "Construction loan" means a short-term loan secured by real property, made for development costs incurred in construction or rehabilitation of a housing development.

41033 "Department" means the Department of Housing and Community Development.

41034 "Development costs" means the aggregate of all costs incurred in connection with a housing development which are approved by the agency as reasonable and necessary, including, but not limited to, the following

(a) The cost of acquiring land and any buildings thereon, including payments for options, deposits, or contracts to purchase properties on a proposed housing development site or payments for the purchase of such properties.

(b) The cost of site preparation, demolition, and clearing

(c) Architectural, engineering, legal, accounting, consulting, and other fees paid or payable in connection with the planning, execution, and financing of a housing development and the finding of an eligible mortgagee for a housing development

(d) The cost of necessary studies, surveys, plans, and permits

(e) The cost of insurance, interest and financing, tax and assessment costs, and other operating and carrying costs incurred during construction or rehabilitation

(f) The cost of construction, rehabilitation, reconstruction and fixtures, medical facilities, furnishings, equipment, machinery, apparatus, and similar facilities and equipment related to the real property

(g) The cost of land improvements, including, but not limited to, landscaping, site preparation and streets, sewers, utilities, and other offsite improvements, whether or not such costs are paid in cash or in a form other than cash

(h) A reasonable profit and risk fee, as defined in regulations of the agency, in addition to job overhead to the general contractor and, if applicable, a limited-dividend housing sponsor

(i) An allowance established by the agency for working capital and for reasonable reserves set aside to defray unanticipated additional development costs.

(j) Necessary expenses incurred in connection with initial occupancy of a housing development, including reserves for any anticipated operating deficits to be incurred during the construction period and the initial years of occupancy

(k) Repayment of a development loan

(l) The cost of such other items, including tenant and homeowner relocation and tenant and homeowner counseling, as the agency shall determine to be reasonable and necessary for the development of a housing development

The statement of a specific cost item within this section shall in no way imply a requirement that the agency finance that item in making a loan on any housing development. Development costs shall not include any greater portion of the cash outlay required for a housing development owned by a limited-dividend housing sponsor than is consistent with an equity investment sufficient to ensure a substantial and continuing interest by such sponsor in the housing development.

41035 "Development loan" means a loan made prior to the granting of a construction loan, for planning, acquisition of land and improvements thereon, and site preparation for a housing development. A development loan may include costs of architectural, engineering, legal and consulting services, the cost of necessary studies, surveys and governmental permits, and the cost of such other items as the agency deems reasonable and necessary for the initial preparation for construction or rehabilitation of a housing development.

41036 "Elderly" means a family in which the head of the household is 60 years of age or older or a single person who is 60 years of age or older.

41037 "Financial interest" has the same meaning as specified in Section 87103 of the Government Code.

41038 "Fund" means the California Housing Finance Fund.

41039 "Governmental agency" means the United States of America, the State of California, any city, county, or city and county within this state and any department, division, public corporation, or public agency of this state or of the United States, or two or more of such entities acting jointly.

41040 "Guaranteed" means secured by a pledge of the full faith and credit of the United States for the payment of the principal, interest, and any redemption premium on bonds issued under the authority of this division.

41041 "Handicapped" means a family in which the head of the household is suffering from a physical disability affecting his or her ability to obtain employment or a single person with such physical disability, where the family or person requires special care or facilities in the home. "Handicapped" also includes a family in which the head of household suffers from a development disability specified in subdivision (h) of Section 38003 or a mental disorder which would render him or her eligible to participate in programs of rehabilitation or social services conducted by or on behalf of a public agency, or a single person with such development disability or mental disorder.

41042 "Historic preservation" means the restoration and rehabilitation of residential and mixed residential-nonresidential structures of architectural or historic merit designated in a federal, state, or local government register or pursuant to regulations of the department establishing appropriate procedures for such designation by the department or other governmental agency, and the relocation of such structures as necessary for their preservation.

41043 "Housing development" means any work or undertaking of new construction or rehabilitation, or the acquisition of existing residential structures in good condition, for the provision of housing which is financed pursuant to the provisions of this division for the primary purpose of providing decent, safe, and sanitary housing for persons and families of low or moderate income "Housing development" also means housing financed pursuant to this part for rental occupancy of, for resale to or sold to, persons and families of low or moderate income A housing development may include housing for other economic groups as part of an overall plan to develop new or rehabilitated communities or neighborhoods, where housing for persons and families of low or moderate income is a primary goal A housing development may include any buildings, land, equipment, facilities, or other real or personal property which the agency determines pursuant to its rules and regulations to be necessary or convenient in connection with the provision of housing pursuant to this division, including, but not limited to, streets, sewers, utilities, parks, site preparation, landscaping, and other nonhousing facilities, such as administrative, community, health, recreational, educational, and commercial facilities, and includes child day-care facilities which are an integral part of a planned housing development

41044 "Housing sponsor" means any individual, joint venture, partnership, limited partnership, trust, corporation, cooperative, local public entity, or other legal entity, or any combination thereof, certified by the agency pursuant to rules and regulations of the agency as qualified to either own, construct, acquire, rehabilitate, operate, manage, or maintain a housing development, whether for profit, nonprofit, or organized for limited profit, and subject to the regulatory powers of the agency pursuant to rules and regulations of the board and other terms and conditions set forth in this division "Housing sponsor" includes persons and families of low or moderate income who are approved by the agency as eligible to own and occupy a housing development

41045 "Limited-dividend housing sponsor" means any housing sponsor which owns a housing development and whose profit or cash return is limited pursuant to Section 41482 and regulations adopted by the board pursuant thereto

41046 "Local housing agent" means a city, county, city and county, or combination thereof acting jointly which is certified by the department pursuant to Section 41512 to review applications by prospective housing sponsors for loans made or assisted under this division for housing developments proposed within the territorial boundaries of the local housing agent.

41047. "Local public entity" means any county, city, city and county, redevelopment agency organized pursuant to Part 1 (commencing with Section 33000) of Division 24, and housing authority organized pursuant to Part 2 (commencing with Section 34200) of Division 24, and also includes any state agency, public district or other political subdivision of the state, and any instrumentality thereof, which is authorized to engage in or assist in the development or operation of housing for persons and families of low or moderate income. "Local public entity" also includes two or more local public entities acting jointly.

41048. "Market interest" means, except with respect to loans for rehabilitation, the interest rate determined by the agency, pursuant to its rules and regulations, to be the lowest interest rate generally available in the private market for construction loans, new loans, for single-family housing, apartment project loans, or loans on existing housing, as the case may be, at the time of commitment of funds by the agency. In the case of rehabilitation loans, "market interest" shall instead mean the interest rate fixed by the agency, not exceeding 10 percent annual interest nor exceeding the applicable bond interest rate by more than 2 percent.

41049. "Market rent" means the monthly rent established by the agency as competitive according to its own regulations, except where federal regulations provide a required method of determining market rent. Determination of market rent may be reviewed annually upon application by the mortgagor, subject to applicable federal regulations, if any.

41050. "Metropolitan area" means a standard metropolitan statistical area as established by the United States Office of Management and Budget.

41051. "Mortgage" means a mortgage, deed of trust, or other instrument which is a lien on real property. "Mortgage" includes the note secured by such an instrument.

41052. "Mortgage loan" means a long-term loan which is secured by a mortgage and is made for permanent financing of a housing development in the state.

41053. "Mutual self-help housing" means assisted housing for which persons and families of low or moderate income contribute their own labor in group efforts to provide decent, safe, and sanitary housing for themselves, their families, and others occupying the housing.

41054. "Nonmetropolitan area" means an area outside a metropolitan area.

41055. "Nonprofit housing sponsor" means a nonprofit corporation incorporated pursuant to Part 1 (commencing with Section 9000) of Division 2 of Title 1 of the Corporations Code or a cooperative corporation incorporated pursuant to Part 2 (commencing with Section 12200) of Division 3 of Title 1 of the Corporations Code or any other corporation which is certified by the agency as a housing sponsor which cannot legally accumulate, distribute, or divert profits and is otherwise qualified to own a housing development.

41056 "Persons and families of low or moderate income" means persons and families deemed by the agency to be unable to pay the amounts at which unassisted private enterprise is providing suitable, decent, safe, and sanitary housing. The agency shall adopt regulations establishing criteria for qualification of persons and families of low or moderate income, which may differ among different areas in the state to reflect varying economic and housing conditions. In developing such criteria, factors such as the following shall be taken into consideration

- (a) The amount of the total income of such person or family that is available for housing needs.
- (b) The size of the household.
- (c) The cost and condition of available housing
- (d) The eligibility of such persons and families for federal housing assistance of any type

"Persons and families of low or moderate income" includes very low income households, but does not include those persons and families whose savings or assets, or whose annual income in combination with such savings and assets, is sufficient to enable them to obtain and maintain decent, safe, and sanitary housing, without undue financial burden, as determined by regulations of the agency.

41057 "Qualified mortgage lender" means a mortgage lender certified by the agency, pursuant to rules and regulations, thereof, to do business with the agency. Such a mortgage lender may be a bank or trust company, mortgage banker, federal or state chartered savings and loan association, service corporation, or other financial institution or governmental agency which is deemed capable of providing service or otherwise aiding in the financing of construction loans and mortgage loans, and nothing in any other provision of state law shall prevent such a lender or governmental agency from serving as a qualified mortgage lender under this division. A "qualified mortgage lender" that violates state law or the terms of any agreement with the agency shall be promptly decertified.

41058 "Real property" means all lands, including improvements and fixtures thereon, and property of any nature appurtenant thereto or used in connection therewith, and every estate, interest, and right, legal or equitable, therein, including leaseholds, terms of years, and liens by way of judgment, mortgage, or otherwise.

41059 "Rehabilitated dwelling" means a housing development which becomes eligible for a mortgage loan by rehabilitation conducted pursuant to rules and regulations adopted by the agency, whether or not a construction loan is provided by the agency for such rehabilitation.

41060 "Rehabilitation" means repairs and improvements to a dwelling unit necessary to make it a decent, safe, and sanitary dwelling which meets applicable state and local building and housing standards. "Rehabilitation" may include other improvements not in excess of 20 percent of the total cost of meeting such standards, except that in the

case of owner-occupied housing developments not exceeding four dwelling units, and in participating concentrated rehabilitation areas designated pursuant to Section 41550 where rehabilitation costs exceed two thousand five hundred dollars (\$2,500), other improvements may be included up to 40 percent of the total cost of meeting such standards.

41061 "Rehabilitation loan" means a loan made for rehabilitation which is not secured by a mortgage of first priority

41062 "Rents" or "rentals" means the charges paid by the persons and families of low or moderate income for occupancy in a housing development assisted under this division whether the housing development is operated on a landlord-tenant basis or as a cooperative.

41063 "Rules", "regulations", or "rules and regulations" mean regulations as defined in Chapter 45 (commencing with Section 11371) of Part 1 of Division 3 of Title 2 of the Government Code. All regulations of the department and agency shall be subject to such provisions.

41064 "Rural area" means an area outside any city or city and county and outside any standard metropolitan statistical area, of Management and Budget.

41065 "State" means the State of California.

41066 "Subsidy" means any financial assistance specifically provided by a governmental agency for the benefit of persons and families of low or moderate income, which is paid to an occupant of housing financed pursuant to this part for housing costs or which reduces such occupant's housing costs. "Subsidy" shall not include any benefit resulting from a loan made by the agency nor any benefit derived from the abatement of taxes levied by the state or a political subdivision thereof.

41067 "Very low income households" means (1) households whose incomes do not exceed the qualifying limits for very low income families established pursuant to Section 8 of the United States Housing Act of 1937, or (2), in the event such federal standards become obsolete, households whose incomes do not exceed 50 percent of the median income for the area in which the housing units in question are located, with adjustments, above and below such 50 percent figure for smaller and larger families, as determined by the corporation.

### CHAPTER 3 GENERAL PROVISIONS

51080 In the event of conflict between this division and any other provision of law, the provisions of this division shall be deemed controlling. If any clause, sentence, paragraph, or section of this division is held invalid by any court of competent jurisdiction, the decision shall not affect or impair any of the remaining provisions.

41081 The Secretary of the Business and Transportation Agency shall be responsible for allocating financial aid and contributions made available to the state by any agency of the United States for the purpose of subsidizing housing for persons and families of low or moderate income. The first priority for allocation of such moneys shall be subsidies for housing developments financed or to be financed by the agency.

Nothing in this division shall preclude the establishment of direct relationships between the federal government and local public entities or shall in any way alter the authority of local public entities to directly receive federal funds, nor shall anything in this division be construed to supersede or affect any other provision of law relating to the control of funds by local public entities. Further, nothing in this division shall affect the authority and obligations specified in Chapter 16 (commencing with Section 7260) of Division 7 of Title 1 of the Government Code with respect to payment of relocation assistance or prevent the receipt and disbursement of federal funds made available to any governmental agency for such purpose.

41082 To further the goals of this division and to enable the success of a statewide housing program, it is essential, and the Legislature intends, that the agency and the department shall closely coordinate their activities to assure that the goals and purposes of this division are realized.

41083 Nothing in this division shall be construed to authorize the creation of a debt or liability of the state within the meaning of Section 1 of Article XVI of the State Constitution.

## PART 2 DEPARTMENT OF HOUSING AND COMMUNITY DEVELOPMENT AND COMMISSION OF HOUSING AND COMMUNITY DEVELOPMENT

### CHAPTER 1 ORGANIZATION OF THE DEPARTMENT AND GENERAL POWERS

41100 The Department of Housing and Community Development is hereby continued in existence in the Business and Transportation Agency.

41101 The Department shall be administered by an executive officer known as the Director of Housing and Community Development. The director shall be appointed by the Governor, subject to confirmation by the Senate, and shall hold office at the pleasure of the Governor. The director shall receive the annual salary provided for by Chapter 6 (commencing with Section 11550) of Part 1 of Division 3 of Title 2 of the Government Code.

41102 The provisions of Chapter 2 (commencing with Section 11150) of Part 1 of Division 3 of Title 2 of the Government Code apply to the department, and the director is the head of the department within the meaning of such provisions. The director shall perform all duties, exercise all powers, discharge all responsibility and administer and enforce all laws, rules, and regulations under the jurisdiction of the department. The director shall keep all books and records necessary for proper and efficient administration of the department.

41103 The Governor shall appoint, upon the recommendation of the director, a deputy director. The deputy director shall hold office at the pleasure of the director and shall receive a salary as shall be fixed by the director with the approval of the Department of Finance.

41104 The work of the department shall be divided into the following three divisions:



- (a) The Division of Codes and Standards
- (b) The Division of Research and Policy Development
- (c) The Division of Community Affairs

41105 Each division shall be in the charge of a chief, under the direction of the director. The chiefs shall be appointed upon recommendation by the director, by the Governor. Such division chiefs shall hold office at the pleasure of the director, and shall receive a salary as shall be fixed by the director with the approval of the Department of Finance.

41106 For the purposes of this division, the department shall have all of the following powers:

- (a) To sue and be sued in its own name
- (b) To have an official seal and to alter it at pleasure
- (c) To make and execute contracts and all other instruments necessary or convenient for the exercise of its powers and functions
- (d) To employ architects, planners, engineers, attorneys, accountants, experts in housing construction, management and finance, and such other advisers, consultants, and agents as may be necessary in its judgment for the performance of its functions and to fix their compensation in accordance with applicable law
- (e) To provide advice, technical information, and consultative and technical services as provided in this division
- (f) To establish, revise from time to time, and charge and collect fees and charges for services provided pursuant to this division
- (g) To accept gifts or grants or loans of funds or property or financial or other aid from any federal or state agency or private source and to comply with conditions thereof not contrary to law
- (h) To enter into agreements or other transactions with any governmental agency, including an agreement for administration of a housing or community development program of the governmental agency by the department, or for administration by another governmental agency of a program of the department, either in whole or in part
- (i) To enter such agreements and perform such acts as are necessary to obtain federal housing subsidies for use in connection with the exercise of powers and functions of the department and to transfer such subsidies to others as required by the agreement
- (j) To appear in its own behalf before boards, commissions, departments, or other agencies of local, state, or federal government
- (k) To establish such regional offices as deemed necessary to effectuate the department's purposes and functions
- (l) To acquire real or personal property, or any interest therein, on either a temporary or long-term basis, in its own name by gift, purchase, transfer, foreclosure, lease, option, or otherwise, including easements or other incorporeal rights in property
- (m) To do any and all things necessary to carry out its purpose and exercise the powers expressly granted by this division

41107 The department may adopt, amend, and repeal rules and regulations to carry into effect the powers and purposes of the department and for the conduct of its business. All authority to adopt, amend,

or repeal rules and regulations vested by any provision of law in the commission is hereby transferred to the department. Any rules or regulations adopted by the commission or by the Chief of the Division of Housing of the Department of Industrial Relations, which are in effect on the effective date of this division shall remain in existence as the regulations of the department until such time as the department repeals or amends such rules or regulations.

41108. The department shall be the principal state department responsible for coordinating federal-state relationships in housing and community development, except for housing finance. The department shall continually evaluate the impact upon the state of federal policies and programs affecting housing and community development and encourage full utilization of federal programs available for assisting the residents of this state, the private housing industry, and local public entities in satisfying housing and community development needs in this state.

41109. The department shall annually submit to the Governor and both houses of the Legislature:

(a) Recommendations for changes in state and federal law necessary to meet the need for housing and community development in the state.

(b) An annual report of the operations and accomplishments of the department, and of other state departments as they affect state housing and community development activities.

(c) A report containing revisions of the California Statewide Housing Plan, as adopted by the commission.

#### CHAPTER 2. POLICY ACTIVITIES OF THE DEPARTMENT

41125. The department shall complete and recommend for adoption a California Statewide Housing Plan. The plan shall be developed in cooperation with the private housing industry as well as regional and local housing and planning agencies. Subsequent to environmental review and a review of consistency with other state plans by the State Office of Planning and Research, it shall be adopted by the commission after public hearings, with such amendments as are deemed appropriate by the commission, and shall serve as a state housing plan for purposes of the Housing and Community Development Act of 1974 (P.L. 93-383).

41126. The California Statewide Housing Plan shall incorporate a statement of housing goals, policies, and objectives, as well as the following segments:

(a) An evaluation and summary of housing conditions throughout the State of California, with particular emphasis upon the availability of housing for all economic segments of the state. Such evaluation shall include an analysis of each county, metropolitan statistical area designated by the Bureau of the Census of the United States Department of Commerce, and region designated as a regional planning area by the State Office of Planning and Research or by the United States Department of Housing and Urban Development within the State of California. The evaluation shall include an analysis of the existing distribution of housing by condition, type, size, gross rent, and value and of the

existing distribution of households by gross income, size, and ethnic character for each such county, area, and region in such form as to present the number of rooms, gross income, household size, rent, and value cross-tabulated in a single table

(b) Housing development goals for the 1974-75 fiscal year and projected four additional fiscal years ahead. Such goals shall be established as the minimum construction and rehabilitation necessary to house all residents of the state in standard, uncrowded units convenient to centers of employment while reducing the cost of housing for very low income households.

(c) A schedule of minimum annual incremental housing goals projected by statistical estimate until July 1, 1980, which shall be designed to achieve by such date a substantial reduction in the number of very low income households constrained to pay more than 25 percent of gross income for housing.

(d) An identification of market constraints and obstacles and specific recommendations for their removal.

(e) An analysis of state and local housing and building codes and their enforcement. Such analysis shall include consideration of whether such codes contain sufficient flexibility to respond to new methods of construction and new materials.

(f) Recommendations for state and other public and private action which will contribute to the attainment of housing goals established for California.

41127. The department shall annually update and provide to the commission a revision of the California Statewide Housing Plan containing the following segments:

(a) A comparison of the housing goals for the fiscal year preceding the deadline for submission of the revision with the amount of construction, rehabilitation, and cost reduction in housing achieved in such fiscal year.

(b) A revision of the minimum housing construction and rehabilitation goals specified in subdivision (h) of Section 41125 for the fiscal year in which the deadline for submission of the revision falls, including a revision of the projected goals required by subdivision (b) of Section 41125 through the 1978-79 fiscal year, in order that such housing goals may be timely achieved.

(c) A revision of the incremental housing goals specified in subdivision (e) of Section 41125.

(d) A revision of the evaluation required by subdivision (a) of Section 41125 as new census or other survey data become available.

(e) An updating of recommendations for state action which will facilitate the attainment of housing goals established for California.

41128. The California Statewide Housing Plan developed pursuant to Section 41125 shall provide a data base for local housing market studies and serve as a guide for appropriate quantitative goals for local housing elements required by Section 65302 of the Government Code. It is also intended to serve as a state housing plan and provide a framework for local housing assistance plans meeting requirements of federal law.

41129. The goals and recommendations adopted for the California Statewide Housing Plan shall be published once adopted, and shall be republished as revisions are adopted. Sufficient copies shall be made available for distribution to concerned persons throughout the state.

41130. The department shall develop a statewide farmworker housing assistance plan and related policies, goals and objectives for inclusion in the California Statewide Housing Plan

41131. The department shall collect, publish, and make available to the public without charge, information about federal, state, and local laws regarding housing and community development. The department may provide a statistics and research service for the collection and dissemination of information affecting housing and community development.

41132. The department shall develop specifications for the structure, functions, and organization of a housing and community development information system for this state. Such system shall include statistical, demographic, environmental quality and community development data which will be of assistance to local public entities in the planning and implementation of housing and community development programs

The department shall, subject to the availability of moneys therefor, establish prototype housing and community development information systems in two or more counties or multiple-county areas. The department shall operate the prototype systems, or it may contract with one or more counties, or with one or more counties and one or more cities, or with a regional agency including one or more counties for operation of one or more prototype systems, and shall report to the Legislature thereon

41132. The department shall assist and advise the Council on Intergovernmental Relations, or its successor, on the performance of functions specified in Sections 34212, 34213, and 34214 of the Government Code

41133. The department shall adopt regulations for the preparation of housing elements required by Section 65302 of the Government Code. The regulations initially adopted shall conform as nearly as possible to the guidelines adopted by the commission June 17, 1971, and shall be adopted in accordance with the provisions of Chapter 45 (commencing with Section 11371) of Part 1 of Division 3 of Title 2 of the Government Code. After consultation with the State Office of Planning and Research, the department may, from time to time, revise such regulations

The department may, upon request, review local housing elements for conformity with the requirements of Section 65302 of the Government Code and rules and regulations adopted pursuant thereto, and report its findings. The department may require submission to it for review of any local housing assistance plan adopted pursuant to provisions of the Housing and Committee Development Act of 1974 (P L 93-383).

41135. The ~~commission~~ department shall adopt guidelines relating to relocation assistance by public entities pursuant to the provisions of Chapter 16 (commencing with Section 7260) of Division 7 of Title

1 of the Government Code The department shall provide consulting and technical assistance to public entities in drafting and amending rules and regulations relating to relocation assistance pursuant to subdivision (e) of Section 7268 of the Government Code The department may require public entities to reimburse the department for such assistance as the department provides.

41136. The department shall issue guidelines for the preparation of affirmative plans by local public entities pursuant to Section 65008 of the Government Code

41137. The department may initiate, develop, and propose regulations for adoption by the agency and review regulations proposed by the board prior to their taking effect, with respect to the following:

(a) Standards for affirmative marketing programs of housing sponsors seeking financial assistance from the agency.

(b) Criteria for certifying that the sale or conveyance of real property will primarily benefit persons and families of low or moderate income living in a housing development

(c) Regulations permitting grants to be made by the agency to housing sponsors for the purpose of attaining affordable rents in housing developments financed by the agency

(d) Regulations governing payments, procedures, and eligibility for relocation assistance for individuals and families displaced by actions of the agency or of housing sponsors of housing developments

(e) Criteria for qualification of persons, families, and households as persons and families of low or moderate income or very low income households

(f) Regulations establishing the maximum percentage of income which may be paid for rent within the meaning of the term affordable rent, as defined in Section 41023

(g) Regulations designating geographical areas of need for housing construction or rehabilitation, the financing of existing housing, or identifiable types of households with particularly severe housing needs, or establishing priority criteria for the selection of homes and projects to be financed as housing developments.

(h) Criteria for inclusion of nonhousing facilities in housing developments financed by the agency

Regulations proposed by the agency in such areas of responsibility shall not take effect without concurrence of the director, the Secretary of the Business and Transportation Agency, or a representative of the secretary specifically designated for such review and approval.

41138. The department may certify local housing agents and may periodically review, recertify, and decertify such local housing agents as provided in this division

#### CHAPTER 3 ASSISTANCE ACTIVITIES OF THE DEPARTMENT

41160 The department may, upon receipt of a request of a local public entity provide advisory assistance or staffing for development of new and rehabilitated housing for persons and families of low or moderate income, the elderly, and persons displaced by governmental

action, and in the development of programs to correct or eliminate blight and deterioration and to effect community development or redevelopment.

The department may contract with a local public entity to provide any necessary staff services associated with, or required by, a local public entity and which could be performed by the staff of a redevelopment agency or housing authority.

The department may provide technical assistance in developing housing for students and faculty of universities and colleges upon the request of a potential housing sponsor, or at the request of the governing board or other agency of a university or college.

41161 The department may furnish counseling and guidance services to aid any governmental agency or any private or nonprofit organization or persons in securing the financial aid or cooperation of governmental agencies in the undertaking construction maintenance operation, or financing of housing for Indians, farm laborers and their families, persons and families displaced by action of any state or local public entity, workers engaged in cutting, processing, milling, handling, or shipping lumber or lumber products, the families of such workers, the elderly and handicapped, and persons and families of low or moderate income. The department may contract for or sponsor, subject to the availability of federal funds, experimental or demonstration projects for permanently fixed or mobile housing designed to meet the special needs of agricultural workers, persons displaced by action of any local public entity, the handicapped, the elderly, Indians, and persons and families of low or moderate income. Such contracts or sponsorship agreements may be between the department and local public entities, private enterprise, or nonprofit organizations.

41162 The department shall encourage research and demonstration projects to develop new and better techniques including techniques of rehabilitation, for increasing the quality and supply of housing for persons and families of low or moderate income and may make grants or loans, with or without interest, in connection therewith.

41163 The department may adopt rules and regulations establishing a mutual self-help housing technical assistance program providing grants to nonprofit housing sponsors for carrying out programs of technical and supervisory assistance to aid persons and families of low or moderate income develop mutual self-help housing.

41164. The department may make grants to nonprofit housing sponsors and local public entities for operating, administrative and other expenses of planning, constructing, rehabilitating, and operating assisted housing and may make grants to housing sponsors for the benefit of residents of assisted housing in order to achieve lower rentals for some or all of the units within the assisted housing.

41165 The department may provide staffing to assist the Farmers Home Administration of the United States Department of Agriculture in carrying out assisted-housing programs in this state.

41166. The department may conduct programs of rental subsidies for tenants of existing housing pursuant to Section 8 of the United

States Housing Act of 1937, but may not participate in any competitive application process for operation of an existing housing program in a geographic area which includes a local public entity that has notified the department of its intention to apply.

41167 The department may, upon request by a local public entity provide technical assistance or staffing for the purpose of developing applications and plans for community development funding pursuant to the Housing and Community Development Act of 1974 (P L. 93-383)

41168 The department shall endeavor to obtain community development funds available under Title I of the Housing and Community Development Act of 1974 (P L. 93-383) The department may, if federal funds are available, conduct an innovative neighborhood preservation program

41169 The department may provide technical assistance to any public entity or public utility undertaking construction maintenance operation, or financing of replacement housing designed for persons displaced because of the acquisition or clearance of land for public purposes

41170 Subject to appropriation by the Legislature, the department shall develop and implement demonstration subsidy programs to test the effectiveness of one or more housing subsidy programs for very low income households. Such programs may include housing allowance payments, homeownership downpayment assistance, homeownership interest subsidy, leased housing subleased to very low income households, rent supplement payments on behalf of very low income households, or other types of subsidy programs

41171 The department may provide potential housing sponsors and persons and families of low or moderate income such advisory consultative training and educational services as will assist them to become owners or tenants of housing financed under this division. Such training and services may include but are not limited to, technical and professional planning assistance, the preparation and promulgation of organizational planning and development outlines and guides, consultation services, training courses, seminars and lectures, the preparation and dissemination of newsletters and other printed materials, and the services of field representatives

The department shall, subject to appropriation by the Legislature, establish a program of such home management training for persons and families of low or moderate income who are occupants or potential occupants of assisted housing

The department may provide potential housing sponsors of multiple-unit housing developments with advisory consultative training and educational services in the management of housing

41172 The department may provide technical assistance and aid to governmental agencies and housing sponsors for the purpose of providing the benefits of assisted housing to very low income households in which the head of household has been previously confined to institutional care.

41173 The department may provide comprehensive technical assistance to tribal housing authorities, housing sponsors, and governmental agencies on reservations, rancherias and on public domain to facilitate the planning and orderly development of suitable, decent, safe, and sanitary housing for American Indians residing in such areas. Such assistance may include technical assistance in land-use planning, natural and environmental resources, and economic resources. Upon request of the governing body of a reservation or rancheria, the department may act on behalf of the tribal housing authority and perform the functions thereof and for such purpose shall have all the powers granted to housing authorities by Part 2 (commencing with Section 34200) of Division 13.

#### CHAPTER 4 ORGANIZATION OF THE COMMISSION

41200 There is hereby continued in existence in state government the Commission of Housing and Community Development, which shall consist of nine members appointed by the Governor with the approval of the Senate. The terms of all members serving on the commission on the effective date of this section shall expire as of such date and new members shall be appointed.

The terms of members of the commission shall be four years. However, of the members first appointed on or after the effective date of this section, two shall be appointed for one-year terms, two shall be appointed for two-year terms, two shall be appointed for three-year terms, and three shall be appointed for four-year terms. Any person appointed to fill a vacancy shall serve only for the unexpired term. Subject to the qualifications prescribed by this section for appointments, any member shall be eligible for reappointment. Each member shall continue to hold office after his or her term expires until a successor has been appointed and has qualified.

Three of the nine members of the commission shall be appointed from the general public, three shall be persons engaged in housing production, and three shall be representative of housing consumers.

A member of the commission may be removed for cause. Residency in assisted housing shall not be deemed a conflict of interest.

41201 The Governor shall select a chairperson from among the membership of the commission, who shall serve at the pleasure of the Governor, and the commission shall annually select from its membership a vice chairperson. The director shall serve as secretary of the commission and keep a record of the proceedings of the commission.

41202 Five members of the commission shall constitute a quorum at any meeting and the affirmative vote of five members shall be necessary for any action taken by the commission at a meeting except that the commission may act by unanimous written consent of the members if provided in the rules of the commission. No vacancy in the membership of the commission shall impair the right of a quorum to exercise all of the rights and perform all of the duties of the commission.

41203 Each member of the commission shall receive thirty-five dollars (\$35) for each day or part thereof spent in the performance of official duties and each member shall additionally be reimbursed for his



traveling and other expenses necessary to the performance of his duties.

42104 The commission shall meet quarterly in Sacramento. Special meetings may be held on the call of the chairperson of the commission at such time and place as the chairperson may elect. Written notice of the time, place, and object of such special meeting shall be given by the director to all the members at least 15 days before the date of the meeting.

41205 The commission shall advise the director with respect to broad policy guidelines for the department. It shall adopt, and from time to time amend, the California Statewide Housing Plan. It shall make recommendations respecting federal, state, and local legislation affecting housing and community development.

41206 The commission shall not adopt, amend, or repeal regulations after the effective date of this section. Whenever any reference is made to adoption, amendment, or repeal of rules or regulations by the commission, it shall be deemed to be a reference to, and to mean, adoption, amendment or repeal of regulations by the department.

#### CHAPTER 5 BUILDING REGULATIONS REVIEW BOARD

41235 There is in the department a Building Regulations Review Board consisting of five members appointed by the Governor. The term of office of members of the Building Regulations Review Board shall be four years. However, of the members first appointed on or after the effective date of this section, two shall be appointed for two-year terms. Any person appointed to fill a vacancy shall serve only for the unexpired term. Any member shall be eligible for reappointment. A member may be removed for cause. Each member shall continue to hold office after his or her term expires until a successor has been appointed and has qualified.

41226 One of the members of the Building Regulations Review Board shall be designated by the Governor as its chairperson. The chairperson shall call meetings of the review board as necessary to review all ordinances adopted locally pursuant to Section 17958.5. The director shall provide staff services to the review board as requested by the chairperson. Members of the board shall serve without compensation but shall be paid their actual necessary travel expenses as determined by the State Board of Control.

41227 Local modifications or changes adopted pursuant to Section 17958.5 shall take effect as follows:

(a) Modifications and changes adopted prior to March 1, 1975, shall remain in effect and shall not be subject to review pursuant to this chapter.

(b) Modifications and changes adopted on or after the effective date of this section, without submission to the board for review 30 days prior to adoption, shall not take effect until found by the board to be reasonably necessary because of local conditions, except that local modifications or changes adopted on an emergency basis may remain in effect for 120 days without review board approval.

(c) Modifications and changes adopted on or after March 1, 1975, but before the effective date of this section, and modifications or changes adopted on or after the effective date of this section which are submitted to the review board for review 30 days prior to adoption, shall be effective unless and until found by the review board not to be reasonably necessary because of local conditions

41228 The review board shall establish procedures for review of local modifications or changes including reconsideration of its own decisions The review board shall promptly advise affected local governing bodies by written memorandum of its findings and, if adverse, the reasons upon which it has based its decision

#### CHAPTER 6. CODES AND STANDARDS APPEALS BOARD

41250 There is in the department a Codes and Standards Appeals Board consisting of five members appointed by the Governor upon the recommendation of the director The terms of office of members of the Codes and Standards Appeals Board shall be four years However, of the members first appointed on or after the effective date of this section, two shall be appointed for two-year terms Any person appointed to fill a vacancy shall serve only for the unexpired term Any member shall be eligible for reappointment Each member shall continue to hold office after his or her term expires until a successor has been appointed and has qualified A member may, however, be removed for cause.

41251. One of the members of the Codes and Standards Appeals Board shall be designated by the Governor as its chairperson, who shall call meetings of the board as necessary to review appeals brought pursuant to this chapter The director shall provide staff services to the appeals board, as requested by the chairperson Members of the appeals board shall serve without compensation, but shall be paid their actual necessary travel expenses, as determined by the State Board of Control.

41252. Any person aggrieved by a rule or regulation of the department adopted pursuant to Division 13, other than Part 15 (commencing with Section 17810) of such division, and any person aggrieved by an order, requirement, or direction of the department or the enforcing agency respecting such a rule or regulation, may appeal to the appeals board The appeals board shall adopt, and may from time to time amend or repeal, regulations establishing procedures for hearing such appeals, in accordance with the provisions of Chapter 45 (commencing with Section 11371) of Part I of Division 3 of Title 2 of the Government Code Such regulations shall require filing of a written petition with the chairperson, and shall accord a right to public hearing and the presentation of oral testimony as well as written materials The appeals board shall furnish the department or other enforcing agency with all written materials submitted by the appellant The appellant and the department or local enforcement agency may be represented by legal counsel The board may decide in favor of the appellant if it determines the application or interpretation of the

regulations in issue was erroneous or unlawful. Decisions and determinations of the appeals board shall be in writing and shall include written findings. A decision of the appeals board shall be final, except for such action as may be taken by a court, as permitted or required by law.

41253 Nothing in this chapter shall authorize an appeal to the Codes and Standards Appeals Board of a local building regulation.

41254. Each member of the appeals board shall be subject to liability for actions or omissions in course of his duties only as provided in Article 3 (commencing with Section 820) of Chapter 1 of Part 2 of Division 3 6 of Title 1 of the Government Code.

### PART 3 CALIFORNIA HOUSING FINANCE AGENCY

#### CHAPTER 1 ORGANIZATION

41300 The California Housing Finance Agency is hereby created in the Business and Transportation Agency.

41301. The agency shall be administered by a board of directors consisting of 11 voting members, including a chairperson, the State Treasurer, the Secretary of the Business and Transportation Agency, and the Director of Housing and Community Development, or their designees, and seven members appointed by the Governor. The Director of Finance, the Director of State Planning and Research, and the president of the agency shall serve as nonvoting, ex officio members of the board.

41302 Members of the board appointed by the Governor shall be able persons broadly reflective of the economic, cultural and social diversity of the state, including ethnic minorities and women. However, it is not intended that formulas or specific ratios be applied in order to achieve such diversity. Of the members appointed by the Governor, one shall be a representative of local government or an executive director of a housing authority or redevelopment agency, one shall have residential real estate experience in the savings and loan, mortgage banking, or commercial banking industry, one shall have experience as a builder of residential housing, one shall have experience in organized labor of the residential construction industry, one shall have experience in the management of rental housing occupied by lower income households, two shall be tenants living in rental housing financed by the agency or shall be experienced in counseling, assisting, or representing tenants. The terms of the members initially appointed by the Governor shall be as follows:

(a) Representative of local government or an executive director of a housing authority or redevelopment agency—two years.

(b) Member experienced in residential real estate in the savings and loan or mortgage banking or commercial banking industry—four years.

(c) Member experienced as a builder of residential housing—six years.

(d) Member experienced in organized labor of the residential construction industry—two years.

(e) Member experienced in the management of rental housing occupied by lower income households—four years.

(f) First appointed member who is a tenant living in rental housing financed by the agency or is experienced in counseling, assisting, or representing tenants—six years.

(g) Second appointed member who is a tenant living in rental housing financed by the agency or is experienced in counseling, assisting, or representing tenants—two years.

The term of any member of the board appointed by the Governor to serve subsequent to the expiration of such an initial term shall be six years. Any person appointed to fill a vacancy on the board, except the chairperson, shall serve only for the remainder of the unexpired term. The chairperson and any other member of the board shall be eligible for reappointment.

41303 All members of the board appointed by the Governor shall be confirmed by the Senate before taking office.

41304. The representation of varied interest groups on the board shall be deemed essential to obtain information for the development of policy and decisions of the board. It shall not be a conflict of interest for an official of any local public entity or a tenant of any housing development, or a director, officer, stockholder, or employee of any savings and loan institution, investment banking firm, brokerage firm, commercial bank or trust company, architectural firm, insurance company, labor union, or any other person, association, or corporation to serve as a member of the board. When present at a meeting of the board, a board member shall be legally required to participate in the deliberations within the meaning of Section 87101 of the Government Code. If any board member has a financial interest, such interest shall be disclosed as a matter of official public record and shall be described with particularity before the board member acts or participates in any way in deliberations affecting such interests.

No board member of the agency may, however, vote on any matter in which the member has a financial interest.

Violations of this section shall constitute grounds for disqualification from office as a board member.

41305. (a) No member of the board and no officer or employee of the agency shall be employed by, hold any paid official relation to, or have any financial interest in, any housing sponsor or any housing development financed or assisted under this part. No real property to which a member of the board or an officer or employee of the agency holds legal title or in which such person has any financial interest shall be purchased by the agency or sold by such member of the board or officer or employee of the agency to a housing sponsor for a housing development to be financed under this part.

Any violation of this section shall be a conflict of interest which shall be grounds for disqualification of the member from the board or the officer or employee of the agency from his office or employment with the board or agency.

(b) Except as provided by subdivision (c), the following actions shall be voidable in the discretion of the agency:

(1) Any purchase by the agency of real property in which a member of the board or an officer or employee of the agency has legal title or a financial interest.

(2) Any commitment by the agency to provide financial assistance to a housing sponsor in which a member of the board or officer or employee of the agency is employed, holds any official relation, or has any financial interest

(3) Any commitment by the agency to provide financial assistance to a housing sponsor to which real property has been or is transferred for a housing development to be financed under this part, if a member of the board or officer or employee of the agency has or has had legal title or any financial interest in such real property.

(c) Any commitment by the agency to provide financial assistance under the circumstances specified in paragraph (2) or (3) of subdivision (b) shall not be voidable following release of the funds, but shall be grounds for acceleration of the loan or prospective termination of a contract of financial assistance

43106 Board members shall be removable solely for cause

41307. The board shall appoint a chairperson, subject to the approval of the Secretary of the Business and Transportation Agency, who shall serve the agency in a full-time capacity, and, when present, shall preside at meetings of the board. The term of the chairperson shall be five years. The chairperson shall be responsible for placing policy alternatives before the board and for providing representation and continuing liaison for the agency with the Legislature, the Governor, and the various divisions of responsibility within the executive branch, local governmental entities, and the federal government.

41308 The board shall appoint a president, subject to the approval of the Secretary of the Business and Transportation Agency, who shall serve as the chief executive officer of the agency and shall, subject solely to supervision by the board, administer and direct the day-to-day operations of the agency. The board shall from time to time determine the total number of authorized employees within the agency. The board shall determine the salaries of those employees of the agency whose salaries are not paid from moneys appropriated to the agency from the General Fund, other than moneys appropriated by the act enacting this division.

41309 The compensation of the chairperson and the president shall be established by the board in such amounts as are reasonably necessary in the discretion of the board, to attract and hold persons of superior qualifications. Members of the board, other than the chairperson, shall not receive a salary but shall be entitled to a per diem allowance of seventy-five dollars (\$75) for each day's attendance at a meeting of the board, not to exceed three hundred dollars (\$300) in any month, and reimbursement for expenses incurred in the performance of their duties under this part, including travel and other necessary expenses.

41310 The president may from time to time employ technical experts and such other employees as may, in his judgment, be necessary for the conduct of the business of the agency. The appointment of

principal staff members, as defined by the board, shall be subject to the approval of the chairperson.

41311 Notwithstanding the provisions of Sections 11042 and 11043 of the Government Code, the president may employ as attorney to the agency an attorney at law licensed in this state. The attorney shall advise the board, the chairperson, and the president, when so requested with regard to all matters in connection with the powers and duties of the agency and the board members and officers thereof. The attorney shall perform all duties and services as attorney to the agency which the agency may require of him.

However, except as provided in Section 11040 the Attorney General shall represent and appear for the people of the State of California and the agency in all court proceedings involving any question under this division or any order or act of the agency.

41312 The president shall prepare an annual budget, which the chairperson shall present for adoption to the board of directors with his comments.

41313 The board shall approve the sale of obligations or securities and other major contractual agreements and debt obligations. Any other contractual agreements or debt obligations may be approved by the chairperson and the president acting jointly, pursuant to regulations of the board.

41314. The agency shall select a site within the state at which the principal offices of the agency shall be located.

#### CHAPTER 2. PURPOSES AND GENERAL PROVISIONS

41331 The primary purpose of the agency shall be to meet the housing needs of very low income households and subject to the availability of subsidies, not less than 30 percent of the units financed by the agency shall be made available on a priority basis to very low income households. The agency shall make every effort to obtain subsidy funds, so that not less than 30 percent of the total number of the following types of units financed by the agency at any time shall be available to very low income households at affordable rents.

(a) All units within housing developments that have received a mortgage loan from the agency not including units within housing developments that have received only a development loan or construction loan except for housing developments expected to receive a mortgage loan from the agency and for which subsidies have been reserved which will enable units within them upon completion to be rented to very low income households.

(b) Units improved with a rehabilitation loan from the agency in the proportion which the average dollar amount of loan assistance received by each such unit bears to the average dollar amount of loan assistance received per unit by all units financed during the preceding 12-month period.

41332 In addition to its primary purpose the agency shall also seek to attain the following:

(a) Housing developments providing a socially harmonious environment by meeting the housing needs of both very low income households and other persons and families of low or moderate income and by avoidance of concentration of very low income households that may lead to deterioration of a development

(b) Emphasis on housing developments of superior design, appropriate scale and amenities, and on sites convenient to areas of employment, shopping, and public facilities

(c) Increasing the range of housing choice for minority and low-income persons, rather than maintaining or increasing the impact of low-income areas, and cooperation in implementation of local and areawide housing allocation plans adopted by cities, counties, and joint powers entities made up of counties and cities

(d) Identification of areas of low vacancy rates where construction is needed, of areas of substandard housing where rehabilitation is needed, and of areas of credit shortage where financing is needed for transfer of existing housing, so as to maximize the impact of financing activities on employment, reduction of housing costs, and maintenance of local economic activity.

(e) A balance between metropolitan, nonmetropolitan, and rural developments, and between family housing and housing for the elderly and handicapped, in general proportion to the needs identified in the statewide housing plan

(f) Minimization of fees and profit allowances of housing sponsors so far as consistent with acceptable performance, in order to maximize the benefit to persons and families of low or moderate income occupying units financed by the agency.

(g) Full utilization of federal subsidy assistance for the benefit of persons and families of low or moderate income

(h) Full cooperation and coordination with the local government agencies of the state in meeting the housing needs of cities, counties, and cities and counties on a level of government that is as close as possible to the people it serves

41333 No provision of this part shall be construed as a restriction or limitation upon any powers which the agency might otherwise have under any laws of this state, and this part is cumulative with respect to any such powers. This part shall be construed to provide a complete, additional, and alternative method for the doing of the things authorized thereby and shall be regarded as supplemental and additional to powers conferred by other laws. However, except as expressly specified in this part, the issuance of bonds of the agency need not comply with requirements not contained in this part which are applicable to the issuance of bonds. No proceedings, notices, or approval shall be required for the issuance of any bonds or any instrument given as security therefor, except as provided in this part. Contracts for the construction and acquisition of any housing developments undertaken pursuant to this part need not comply with the provisions of any other state law applicable to contracts for the construction and acquisition of

state-owned property. However, the agency shall adopt regulations for review of construction contracts to which a housing sponsor is a party. The agency shall require that construction financed by a construction loan from the agency on housing developments other than mutual self-help housing not less than the general prevailing rate of per diem wages for work of a similar character in the locality in which the construction is performed, and not less than the general prevailing rate of per diem wages for holiday and overtime work, shall be paid to all workmen employed in such construction exclusive of maintenance work. The agency shall determine or require determination of the general prevailing rate of per diem wages in accordance with the standards set forth in Section 1773 of the Labor Code. Apprentices shall be employed in the construction of housing developments in accordance with the regulations of the agency, which shall impose the same requirements as contained in Section 1777.5 of the Labor Code, except as to differences necessitated by the methods of awarding construction contracts for housing developments financed under this division.

41334 The exercise of the powers specified in this division will be in all respects for the benefit of the people of the state, for their well-being and prosperity, and for the improvement of their social and economic conditions, and the agency shall not be required to pay any tax or assessment on any property, other than a housing development, owned by the agency under the provisions of this division or upon the income therefrom. Any bonds issued by the agency under the provisions of this division, their transfer, and the income therefrom shall at all times be free from taxation by the state or any political subdivision or other instrumentality of the state, excepting inheritance and gift taxes.

41335 The agency and every housing sponsor shall require that occupancy of housing developments assisted under this part shall be open to all regardless of race, sex, marital status, color, religion, national origin, or ancestry. That contractors and subcontractors engaged in the construction of housing developments shall provide an equal opportunity for employment, without discrimination as to race, marital status, sex, color, religion, national origin, or ancestry, and that such contractors and subcontractors shall submit and receive approval of an affirmative action program prior to the commencement of construction or rehabilitation. Affirmative action requirements respecting apprenticeship shall be consistent with Chapter 4 (commencing with Section 3070) of Division 3 of the Labor Code.

All contracts for the management, construction or rehabilitation of housing developments, and contracts let by housing sponsors, contractors, and subcontractors in the performance of such management, construction, or rehabilitation, shall be let without discrimination as to race, sex, marital status, color, religion, national origin, or ancestry and pursuant to an affirmative action program. The agency shall periodically review implementation of affirmative action programs required by this section.



It shall be the policy of the agency and housing sponsors to encourage participation by minority developers, builders, and entrepreneurs in all levels of construction, planning, financing, and management of housing developments. The agency shall adopt rules and regulations to implement the provisions of this section.

Prior to commitment of financing, the agency shall require each housing sponsor who is not a person or family of low or moderate income and who constructs or rehabilitates a housing development that is not mutual self-help housing, to submit an affirmative marketing program which meets standards set forth in regulations of the agency. The agency shall require such a housing sponsor to conduct the affirmative marketing program so approved. Additionally, the agency shall supplement the efforts of individual housing sponsors by conducting affirmative marketing programs with respect to such housing at the state level.

41336. It shall be the policy of the agency to coordinate its activities with the department. It shall be the policy of the agency to conduct its operations so as to be self-sufficient, without subsidy from the General Fund.

#### CHAPTER 3 FINANCIAL PROVISIONS

41360. The California Housing Finance Fund is hereby created in the State Treasury. The agency shall have exclusive discretion with respect to the administration and investment of moneys in the fund. Moneys in the fund shall be deposited, as permitted by law, in one or more state or national banks or savings and loan associations having principal offices in this state and which qualify to act as such depositories under regulations of the Secretary of the Business and Transportation Agency, which shall be designed to achieve the purposes of this part. To the extent public deposits are permitted by law to be invested in savings and loan associations, the agency shall allocate deposits between banks and savings and loan associations in a manner approximating the relative extent of their participation as qualified mortgage lenders. However, such allocation shall not be required to the extent it would result in receipt by the agency of an interest rate on such deposits that is lower than the highest interest rate available from an institution qualified to receive public deposits.

This section shall not, however, prohibit investment in eligible securities pursuant to Section 41363, and moneys advanced by the agency for the purpose of financing housing may be transferred to the construction lender at the time that the construction loan for such housing is recorded pursuant to such requirements or conditions as the agency may determine.

All money in the fund is hereby continuously appropriated to the agency for carrying out the purposes of this part, and notwithstanding the provisions of Chapter 2 (commencing with Section 12850) of Part 2.5 of Division 3 of Title 2 of the Government Code or the provisions of Article 2 (commencing with Section 14320) of Chapter 3 of Part 3

of such division, application of the fund shall not be subject to the supervision or budgetary approval of any other officer or division of state government. However, the agency's budget shall be prepared in consultation with the Secretary of the Business and Transportation Agency. The agency may pledge any or all of the moneys in the fund as security for payment of the principal of, and interest on, bonds issued pursuant to this part, and, for such purpose or as necessary or convenient to the accomplishment of any other purpose of the agency, may divide the fund into separate accounts. All moneys accruing to the agency from whatever source shall be deposited in the fund.

41361 Pursuant to any agreements with the holders of particular bonds pledging any particular assets, revenues, or moneys, the agency may create separate accounts in the fund to manage assets, revenues or moneys in the manner set forth in such agreements.

41362 Subject to modification of any agreement with bondholders, revenue derived from principal and interest from mortgage loans shall be deposited in a special account, which shall be used exclusively for the amortization of debt and the protection of the underlying security.

41363 The agency shall from time to time direct the State Treasurer to invest moneys in the fund which are not required for its current needs including proceeds from the sale of any bonds, in such eligible securities specified in Section 16430 of the Government Code as the agency shall designate. All interest or other increment resulting from such investment shall be deposited in the fund, notwithstanding Section 16305.7 of the Government Code. Moneys in the fund shall not be subject to transfer to any other fund pursuant to any provision of Part 2 (commencing with Section 16300) of Division 4 of Title 2 of the Government Code, including the Surplus Money Investment Fund and shall not be subject to the provisions of Article 4.5 (commencing with Section 16480) of Chapter 3 of such part.

41364 The agency is authorized to utilize such moneys as may be appropriated to the fund from time to time by the Legislature for effectuating its purposes including, but not limited to, the payment of the initial expenses of administration and operation and the establishment of reserves or contingency funds to be available for the payment of the principal of, and the interest on, any bonds of the agency.

41365 The agency shall, within 90 days following the close of each fiscal year, submit an annual report of its activities for the preceding year to the Governor, the Secretary of the Business and Transportation Agency, the Director of Housing and Community Development, the State Treasurer, and the Legislature. Within 90 days following the close of each fiscal year, the agency shall also submit an annual report to the Joint Legislative Audit Committee and the Joint Legislative Budget Committee. Each such report shall set forth a complete operating and financial statement of the agency during the concluded fiscal year. The report shall specify the number of units assisted, the distribution of units among the metropolitan, nonmetropolitan, and rural areas of the state, and shall contain a summary of statistical data.

relative to the incomes of households occupying assisted units, the monthly rentals charged to occupants of rental housing developments, and the sales prices of housing developments purchased during the previous fiscal year by housing sponsors who are persons or families of low or moderate income. The report shall also include a statement of accomplishment during the previous year with respect to the agency's progress, priorities, and affirmative action efforts. The agency shall cause an audit of its books and accounts to be made at least once during each fiscal year by an independent certified public accountant.

Within 90 days following receipt of the agency's annual report, the Joint Legislative Audit Committee and the Joint Legislative Budget Committee shall submit a report on the agency's activities to the Legislature.

41366 All moneys declared by the agency to be surplus moneys which are not required to service bonds issued on behalf of the agency pay administrative expenses of the agency, accumulate necessary operating or loss reserves, or repay loans to the agency from the General Fund shall be used by the agency to provide special interest reduction programs, subsidies for housing developments or occupants or owners thereof, or counseling programs, as authorized by this division.

#### CHAPTER 4 GENERAL POWERS

41385 The agency shall have all of the following powers,

- (a) To sue and be sued in its own name
- (b) To have an official seal and to alter the same at pleasure
- (c) To have perpetual succession
- (d) To maintain offices at such place or places within the state as it may designate

(e) To adopt, and from time to time amend and repeal by action of the board, rules and regulations, not inconsistent with the provisions of this part, to carry into effect the powers and purposes of the agency and the conduct of its business. Rules and regulations of the agency shall be adopted, amended, repealed and published in accordance with the provision of Chapter 4.5 (commencing with Section 11371) of Part 1 of Division 3 of Title 2 of the Government Code. With respect to regulations in areas specified in Section 41137, the agency may propose regulations but such regulations shall become effective only upon concurrence of the Secretary of the Business and Transportation Agency, or his designated representative, or the Director of Housing and Community Development.

(f) To make and execute contracts and all other instruments necessary or convenient for the exercise of its powers and functions under this part with any governmental agency, private corporation or other entity or individual, and to contract with any local public entity for processing of any aspect of financing housing developments.

(g) To acquire real or personal property, or any interest therein, on either a temporary or long-term basis in its own name by gift, purchase, transfer, foreclosure, lease, option, or otherwise, including easements or other incorporeal rights in property.

(h) To hold, sell, assign, lease, encumber, mortgage, or otherwise dispose of any real or personal property or any interest therein; to hold, sell, assign, or otherwise dispose of any mortgage interest owned by it, under its control or custody, or in its possession; and as applicable, to do any of the acts specified in this subdivision by public or private sale, with or without public bidding, notwithstanding any other provision of law

(i) To release or relinquish any right, title, claim, lien, interest, easement, or demand however acquired, including any equity or right of redemption in property foreclosed by it

(j) To employ architects, engineers, attorneys, accountants, housing construction and financial experts, and such other advisers, consultants and agents as may be necessary in its judgment and to fix their compensation

(k) To provide advice, technical information, and consultative and technical service in connection with the financing of housing developments pursuant to this part

(l) To procure insurance against any loss in connection with its property and other assets including mortgages and mortgage loans, in such amounts and from such insurers as it deems desirable

(m) To establish, revise from time to time, and charge and collect fees and charges in connection with loans made by the agency

(n) To borrow money and issue bonds, as provided in this part

(o) To enter such agreements and perform such acts as are necessary to obtain federal housing subsidies for use in connection with housing developments

(p) To do any and all things necessary to carry out its purposes and exercise the powers expressly granted by this part

41386 The agency shall be a state representative for purposes of receiving and allocating financial aid and contributions from agencies of the federal government which are provided to the state or to the agency for the purpose of subsidizing housing for persons and families of low or moderate income and may utilize federal subsidies available to it in providing housing for persons and families of low or moderate income or for exercising any other of its powers. The agency shall have priority among all other units of state government for receipt of federal housing subsidies to the extent units financed under this part are eligible for such assistance

41387 The agency may provide staffing for the Farmers Home Administration of the United States Department of Agriculture for the purpose of assisting such agency in the conduct of federal loan and grant programs in this state

41388 The agency may make and execute contracts with qualified mortgage lenders for the initiation or servicing of mortgage loans, construction loans, or development loans made or acquired by the agency pursuant to this part or for other services rendered to the agency. The agency may pay the reasonable value of services rendered to the agency pursuant to such contracts.

41389 The agency may make or undertake commitments to make development loans, construction loans mortgage loans or advances to housing sponsors to finance housing developments as provided in Chapter 5 (commencing with Section 41450) of this part

41390 The agency may purchase and sell construction loan obligations rehabilitation loan obligations, and mortgage loan obligations as provided in this part

41391 Prior to the commitment of moneys under this part for the financing of a housing development as provided in Articles 1 to 4 inclusive, of Chapter 5 (commencing with Section 41450) of this part, the agency shall take adequate measures to assure (a) the economic feasibility of the housing development, (b) the financial eligibility of the housing sponsors and tenants, (c) the consistency of the proposed housing development with the current housing objectives of the agency, and (d) the sufficiency of access of the housing development to supporting social services, transportation, schools, employment, and retail merchants. Wherever possible the agency shall verify such facts before financing is committed

41392 (a) The agency may renegotiate, refinance, foreclose or contract for the foreclosure of, any mortgage in default and may waive any default or consent to the modification of the terms of any mortgage

(b) The agency may commence any action to protect or enforce any right conferred upon it by any law mortgage, contract, or other agreement and may bid for and purchase property sold in satisfaction thereof at any foreclosure or other sale or may otherwise acquire and take possession of such property. Subject to any agreement with bondholders, the agency may operate, manage, lease, dispose of, and otherwise deal with such property in such manner as may be necessary to protect the interest of the agency and the holders of its bonds

41393 The agency may procure insurance or coinsurance or guarantees from the federal government or from any governmental agency or instrumentality thereof, or from any private insurance company of the payment of principal and interest on any bonds issued by the agency. The agency may pay premiums on any such insurance

41394 The agency may charge and collect from housing sponsors and qualified mortgage lenders such fees and charges for the purpose of defraying administrative and other expenses as the agency may establish from time to time for its lending and mortgage-purchase programs

41395 The agency may sell or convey real property owned by the agency to nonprofit housing sponsors and local public entities. Such sale or conveyance may be without consideration if the agency received the property upon condition that it be so conveyed or sold and if such sale or conveyance will inure primarily to the benefit of persons and families of low or moderate income living in a housing development

41396 The agency shall establish criteria for housing sponsors and qualified mortgage lenders, which shall be designed to assure the financial integrity of programs authorized by this part and may provide

for effective implementation of the policies and purposes set forth in this part

41397. The agency shall make the payments and provide relocation assistance, as specified in Chapter 16 (commencing with Section 7260) of Division 7 of Title 1 of the Government Code, to persons and families displaced in making a site or structure available for rehabilitation or construction financed under this part or in the alternative may require the housing sponsor receiving a loan commitment pursuant to this part to make such payments and provide such assistance, whether such displacement has occurred prior to the loan commitment or will occur subsequent thereto

For purposes of this section, displacement includes relocation occurring because of inability to pay increased rentals resulting from rehabilitation

41398. The agency shall establish maximum sale prices for the initial sale of housing developments, the acquisition, construction, or rehabilitation of which is financed by the agency in anticipation of sale to persons and families of low or moderate income. The agency shall also establish maximum sale prices for any housing development whenever the buyer of such housing development receives a mortgage loan from the agency. The maximum sales prices established by the agency pursuant to this section may provide a reasonable profit to the seller while serving the purposes of this part

41399. The agency may make grants to nonprofit housing sponsors and local public agencies to meet expenses incurred in planning, constructing, rehabilitating, or managing housing developments. The agency may make grants to housing sponsors for the purpose of lowering the rents or cooperative housing charges on some or all of the units within a housing development

41400. The agency shall establish a grievance procedure or require housing sponsors to establish such a procedure or both, for the purpose of resolving complaints by housing sponsors and tenants of housing sponsors and contractual disputes between two or more housing sponsors or between a housing sponsor and a tenant of such housing sponsor. Notwithstanding any other provision of law, no individual or family shall be evicted from a housing development unless the following requirements are met

(a) The eviction is for good cause as defined by rules and regulations of the agency

(b) Eviction proceedings shall be commenced by the giving of notice as required by Section 1946 of the Civil Code or Section 1161 or 1161a of the Code of Civil Procedure and served as provided by Section 1162 of the Code of Civil Procedure. Such notice shall contain a statement of the cause for eviction and of the right of the tenant to a hearing prior to the commencement of unlawful detainer proceedings

(c) When the tenant so requests the landlord in writing within the period specified in Section 1946 or Section 1161 of the Civil Code, as the case may be, an impartial hearing, in accordance with procedures

established pursuant to regulations of the agency, shall be held within two weeks. Good cause for eviction shall be established at the hearing by the weight of the evidence.

(d) A defendant in an unlawful detainer proceeding may assert as a defense the failure of the plaintiff or the agency to comply with the requirements of this section or regulations adopted pursuant to this section. A defendant in such a proceeding may assert as a defense that the findings at the hearing were not supported by the weight of evidence.

41401. The agency shall adopt standards for the admission of tenants, termination of tenancies, and eligibility of purchasers of housing financed under this part as well as standards establishing maximum percentages of income which a tenant or purchaser may allocate to housing costs, which shall provide consideration for proven ability in individual cases to pay what would otherwise be an unusually high percentage of income for housing costs. Upon transfer of title of a new or substantially rehabilitated housing development financed pursuant to this part, the agency may require a warranty.

41402. Prior to granting a loan under Chapter 6 (commencing with Section 41550) of this part or a mortgage loan under Chapter 5 (commencing with Section 41450) of this part, if the loan under either such chapter is for the purchase by a housing sponsor which is a person or family of low or moderate income of a single-unit housing development, the agency shall:

(a) Require an appraisal of the housing development be done by a competent and experienced appraiser.

(b) Establish a maximum purchase price for the housing development.

(c) Require that the housing development be either newly constructed, recently rehabilitated, or certified by the local code enforcement agency, or the department to be in good condition.

(d) Require that the purchaser intend to occupy the housing development.

(e) Where the initial loan is made at below-market interest, require that, if the housing sponsor or subsequent purchaser ceases to be a person or family of low or moderate income, any additional payments resulting therefrom be transmitted to the agency, but such requirement may be waived when necessary to allow participation in federal mortgage insurance, guarantee, or purchase programs.

41403. The agency, after approving an application for a mutual self-help housing project, may make development loans and construction loans for land acquisition and development costs to eligible housing sponsors on such terms and conditions and in such amounts as it deems necessary to accomplish the purposes of this part. Such development loans and construction loans may be interest free if sufficient surplus funds exist for such purpose and such loans can be made without jeopardizing the financial self-sufficiency of the agency or the adequacy of its reserves. Land acquired and housing developments financed pursuant to this section shall be sold or conveyed at cost to eligible housing sponsors or to other mutual self-help housing.

The agency may, as part of making a loan pursuant to this section, approve the use of loan funds to provide improvement security required under subdivision (c) of Section 66462 and Chapter 5 (commencing with Section 66499) of Division 2 of Title 7 of the Government Code, which shall be in lieu of improvement security otherwise required by such provisions

In making loans pursuant to this section, the agency, as an alternative to disbursing such loans directly to eligible housing sponsors or low-income individuals or families, may establish procedures retaining such loans or portions thereof, and disburse such amounts directly to the person or entity performing an involved service.

#### CHAPTER 5. FINANCING OF HOUSING DEVELOPMENTS

##### Article 1. Loans for Housing Developments

41450. The agency, to the extent authorized by Article 4 (commencing with Section 41475) of this chapter, may make, undertake commitments to make, development loans, construction loans, mortgage loans, and advances in anticipation of such loans to housing sponsors to finance housing developments.

41451. The agency shall make and publish rules and regulations respecting the making of development loans, construction loans, and mortgage loans pursuant to this part, the terms and conditions upon which such loans may be made to housing sponsors, the admission of tenants to a housing development, construction of any ancillary commercial facilities, and supervision of housing sponsors, including housing sponsors owning and occupying a housing development. Such regulations shall require, where a financing commitment is made for construction of housing to be published by persons and families of low or moderate income, that construction will be undertaken in an economical manner, providing the buyer with an attractive home

41452. The agency shall enter into regulatory contracts and other agreements with housing sponsors receiving loans under the provisions of this part

##### Article 2. Loans Through Intermediary Lenders and Mortgage Purchase and Sale

41455. The agency may invest in, purchase, or make commitments to purchase, and take assignments from qualified mortgage lenders of, construction-loan obligations, mortgage-loan obligations, and participations therein for financing or refinancing of housing developments. Such construction-loan obligations or mortgage-loan obligations shall be limited as to charges, interest, maximum loan amount, and maximum appraised value pursuant to regulations of the agency, which shall be consistent with the purposes of this division. Such construction-loan obligations or mortgage-loan obligations may be held or sold by the agency, or the agency may create pools of construction-loan obligations or mortgage-loan obligations held by the agency and may sell securities backed by such pools

41456. The agency may create a secondary mortgage market by (1) investing in, purchasing, or making commitments to purchase any



obligation secured by a mortgage, or participation therein, and selling such obligations or (2) creating pools of such obligations held by the agency and issuing and selling securities backed by such pools. The agency shall require the seller of mortgages purchased by the agency to use the proceeds for the purpose of financing housing developments.

41457 The agency may insure or guarantee any obligation held by the agency and secured by a mortgage on a single-unit housing development for the purpose of increasing its acceptability or value for sale or as security for other obligations. Nothing in this section shall, however, be construed as authorizing the creation of a debt or liability of the state within the meaning of Section 1 of Article XVI of the State Constitution.

41458 Sales of mortgage obligations and securities pursuant to this article may be made at public or private sale, with or without public bidding, whether directly or through a contract with a private market intermediary.

### ARTICLE 3 LOANS TO QUALIFIED MORTGAGE LENDERS

41465. The agency may make loans to qualified mortgage lenders under terms and conditions requiring the proceeds thereof to be used by such mortgage lenders for the purpose of making construction loans to construct or rehabilitate housing developments.

41466 The agency may make loans to qualified mortgage lenders under terms and conditions requiring the proceeds thereof to be used by such mortgage lenders for the purpose of making mortgage loans to finance

41467 Loans shall not be made under this article unless they can be made at a lower net interest cost to a housing sponsor than is available with loans made under the provisions of Article 2 (commencing with Section 41455) or Article 4 (commencing with Section 41475) of this chapter.

41468 In connection with loans made pursuant to this article, the agency may collect, enforce the collection of, and foreclose on any collateral securing the loans and may acquire or take possession of such collateral and sell the same at public or private sale with or without public bidding, and otherwise deal with such collateral as may be necessary to protect the interest of the agency therein. The exercise of the powers specified in this subdivision shall be subject to any agreements with bondholders.

### ARTICLE 4 LENDER OF LAST RESORT

41475 Except as provided in this article, the agency shall not make construction loans or mortgage loans for the purpose of financing owner-occupied housing developments unless such loans are made through a qualified mortgage lender.

41476 In rural areas the agency may make and undertake commitments to make construction loans and mortgage loans to housing sponsors to finance housing developments without the participation of a qualified mortgage lender if no qualified mortgage lender will participate in financing such housing developments as provided in Article

2 (commencing with Section 41455) or Article 3 (commencing with Section 41465) of this chapter, or if the board determines that the agency can initiate or service loans directly at less cost than through use of a qualified mortgage lender.

41477 The agency may make and undertake commitments to make construction loans and mortgage loans to finance owner-occupied housing developments where the income of the owner-occupant is no greater than 65 percent of the median income for the area in which the housing development is located determined by the United States Department of Housing and Urban Development

#### Article 5 Supervision of Housing Sponsors

41480 The agency shall do the following:

(a) Prescribe uniform systems of accounts and records for housing sponsors of rental and cooperative housing developments and require them to make reports and give answers to specific questions on such forms and at such times as may be necessary for the purposes of this part

(b) Establish minimum capital reserves to be maintained by non-profit and limited-dividend housing sponsors of rental and cooperative housing developments.

(c) Fix and alter from time to time a schedule of rents, such as may be necessary to provide occupants who are persons and families of low or moderate income with rents, no lower than affordable rents, that are as far below market rents as is consistent with the maintenance of the financial integrity of the housing development and to provide profits to housing sponsors subject to the limitations of Section 41481. Any commercial facilities constituting a portion of a single housing development financed pursuant to this part shall, to the extent they receive the benefit of below-market-rate financing from the agency, assist in the support of appurtenant residential facilities

(d) Determine standards for, and control selection by housing sponsors of, tenants and purchasers

41481 The agency may do any of the following with respect to housing sponsors of rental and cooperative housing developments:

(a) Through its agents or employees, enter upon and inspect the lands, buildings, and equipment of a housing sponsor, including all parts thereof, and examine the books and records of a housing sponsor.

(b) Supervise the operation and maintenance of any housing development and order such repairs as may be necessary to protect the public interest or the health, safety, or welfare of occupants of the housing development

(c) Require any housing sponsor to pay to the agency such fees as it may prescribe to defray its costs incurred in connection with the examination, inspection, supervision, auditing, or other regulation of the housing sponsor

(d) Regulate the retirement of any capital investments or the redemption of stock or the distribution of any equity interest in any housing sponsor.

(e) Order any housing sponsor to do, or to refrain from doing, any act, as may be necessary to comply with the provisions of state, federal, or local laws, the rules and regulations of the agency, or the terms of any contract between the agency and the housing sponsor

(f) Withhold the transfer of construction payments to a housing sponsor pending adequate performance, as determined by the agency, of any acts required of such housing sponsor pursuant to the provisions of this part or pursuant to any agreement by and between the agency and such housing sponsor

41482 Every limited-dividend housing sponsor of a rental or cooperative housing development which receives a construction loan or mortgage loan or a grant pursuant to this part shall enter into an agreement with the agency providing for disposition of property and limitation of earnings distribution to an annual amount no greater than 6 percent of the equity invested in the housing development. The agency may permit a distribution greater than 6 percent to investors contributing additional equity money to an existing housing development, or in the case of a housing development over which the agency has assumed managerial and financial control pursuant to Section 41483

41483 Upon making a determination that the financial status of a rental or cooperative housing development is such as to jeopardize any financial interest of the agency in such housing development, the agency may assume managerial and financial control of the housing sponsor and may supervise and prescribe the activities of the housing sponsor in such manner and under such terms and conditions as the agency may provide in its rules and regulations or as it may stipulate in any contract with the housing sponsor. Such control may be exercised through appointment by the agency to the governing body of such housing sponsor of a number of new members sufficient to constitute a voting majority of the governing body thereof, notwithstanding the provisions of the articles of incorporation or other documents of organization of the housing sponsor

41484 The agency may prescribe regulations specifying the categories of cost which shall be allowable in the construction or rehabilitation of a housing development. The agency shall require any housing sponsor to certify the development costs upon completion of the housing development, except that the board may approve a waiver for any housing development or a class of housing sponsors. Such certification of development costs shall be subject to audit and verification by the agency

41485 The agency may institute any action or proceeding pursuant to applicable provisions of law against any housing sponsor receiving or assuming a loan under the provisions of this part in any court of competent jurisdiction in order to enforce the provisions of this part or the terms and provisions of any contract between the agency and such housing sponsor, to foreclose its mortgage, or to otherwise protect the public interest or the occupants of the housing development. Where necessary to protect the interests of the agency, it may, in connection with any such action or proceeding, apply to the court for the appoint-

ment of a receiver to take over, manage, operate, and maintain the affairs of the housing sponsor of a rental or cooperative housing development. No receiver shall be appointed unless approved by the agency.

In the event of the reorganization of any housing sponsor, to the extent permitted by law, such reorganization shall be subject to the supervision and control of the agency and no such reorganization shall be effected without the prior written consent of the agency. In the event of a judgment against any housing sponsor in any action to which the agency is not a party, there shall be no sale of the housing development or any portion thereof, except upon 60 days' written notice to the agency. Upon receipt of such notice, the agency or Attorney General shall take such steps as in its judgment may be necessary to protect the rights of all parties.

41486 Whenever a housing sponsor of a rental or cooperative housing development accumulates an earned surplus greater than such operating and replacement reserves as the agency may require, surplus shall be used to reduce rents within the housing development to a level at which no person or family of low or moderate income occupying the housing development pays more than the affordable rent. Whenever a housing sponsor of a rental or cooperative housing development accumulates an earned surplus greater than such operating and replacement reserves as the agency may require and no person or family of low or moderate income occupying the housing development pays more than the affordable rent, then such surplus shall be transferred to the agency for use in lowering the rents for persons and families of low or moderate income in other housing developments to a level no greater than the affordable rents.

41487 A housing sponsor that is a person or family of low or moderate income shall not receive financial assistance under this part if such person or family has already received assistance under this part for purchase of other real property, unless such property is sold for good cause as determined by the agency.

#### Article 6 Priorities

41495 In selecting homes and projects to be financed as housing developments, the agency shall give priority consideration to the needs of identifiable groups within the state which the agency determines have particularly severe housing needs. Such groups may include, but need not be limited to elderly persons, handicapped persons, large households, and persons and families displaced by governmental action or natural disaster. The agency shall also consider rural areas, areas in which new construction is needed, areas in which rehabilitation is needed, and areas of credit shortage where financing is needed for the purchase of existing housing in order to maximize the impact of the agency's financial activities on employment, reduction of housing costs, and maintenance of local economic activity. The agency shall balance its activity between urban and rural areas of the state and between nonelderly housing and housing for the elderly and handicapped.

41496 Subject to the availability of sufficient subsidies, not less than 30 percent of the total units receiving mortgage loans from the agency during each fiscal year shall be made available on a priority basis to very low income households. To be made available on a priority basis means that the unit shall be offered exclusively to those within the priority group for a period of at least 60 days but in no case longer than 30 days after rent payments have ceased. Subject to the availability of sufficient subsidies, not less than 20 percent of the units in each housing development of 12 or more units shall be made available on a priority basis to very low income households. At the time a mortgage loan commitment is made to finance any rental housing development of 12 or more units, a written agreement between the agency and housing sponsor shall be executed designating the number of units to be made available on a priority basis within such housing development to very low income households, to persons and families of low or moderate income, and to other households. If the number of units occupied by very low income households in any housing development decreases through turnover or increases in household income, units which become available for occupancy shall be rented or sold on a priority basis to very low-income households meeting the criteria specified in this section until the number of units occupied by very low income households is equal to the number so occupied initially. If units originally made available to very low income households were not originally so occupied, then, subject to the availability of subsidies, such units shall be made available on a priority basis to very low-income households as such units become vacant through turnover. Nothing in this section shall require the agency to allocate more than 25 percent of the units in any single housing development to very low income households, except in the case of housing designed for occupancy by elderly or handicapped households or housing developments of 12 units or less, where the board finds it essential to the purposes of this division of such 25-percent limit be exceeded. Not less than 30 percent nor more than 40 percent of the very low income units financed by the agency during each fiscal year shall be designed specifically for occupancy by elderly or handicapped persons.

41497 The agency shall assist housing sponsors in obtaining subsidies. In selecting housing developments to be given assistance under this part, the agency shall give priority to those which are able to obtain subsidies but cannot obtain alternative financing in order to utilize such subsidies. The agency shall make every effort to obtain subsidy funds and nothing in this part shall preclude the agency from meeting the eligibility requirements for obtaining federal housing subsidy allocations.

41498 To implement the purposes of this division, the agency shall develop or require housing sponsors to develop resident-selection plans for housing developments, which shall provide that preference be given to households displaced by public action or natural disaster. Such plans shall include criteria for resident selection, which shall establish income limits for residents, and may include a counseling program de-

signed to promote the financial success of the housing development or the health, safety, and welfare of residents of the housing development. The agency may make participation in such a counseling program a condition or precondition of occupancy of a housing development

#### Article 7. State and Local Cooperation

41510 The agency may, in connection with a housing development, arrange or contract with a local public entity (1) for the planning, re-planning, opening, grading, or closing of streets, roads, roadways, alleys or other places, (2) for the furnishing of utilities or any community, municipal or public facilities or services, (3) for the acquisition by a local public entity of property or property rights, or (4) for the furnishing of property or services. Any local public entity may, upon finding that a public purpose is served thereby and notwithstanding any other provision of law, enter into such contractual agreements with the agency and to do all things necessary to carry out its obligations

41511 Notwithstanding any other provision of state law or any provision of a city or county charter to the contrary, the Department of General Services, any other state agency or officer authorized by law to convey real property of the state, and any local public entity may, in his or its discretion, from time to time sell, lease for a term not exceeding 99 years, grant, or convey to the agency or to a housing sponsor designated by the agency any real property and appurtenances thereto or any interest therein owned by the state or local public entity which the agency shall certify as necessary for its purposes. Such certification of need shall be evidenced by a formal request from the president of the agency. Any such sale, lease, grant, or conveyance shall be made with or without consideration and upon such terms and conditions as may be mutually agreed upon by the state or local public entity and the agency. However, before any such sale, lease, grant, or conveyance is made at less than fair market value, the agency shall make a finding that the difference between the consideration required and fair market value will inure primarily to the benefit of persons and families of low or moderate income

41512 (a) Upon application to the department, any city, county, city and county, or combination thereof acting jointly shall be certified as a local housing agent by the department if the department determines that the applicant meets the criteria specified in subdivision (b). If a local housing agent consist of more than one city, county, or city and county, each such entity shall individually meet the criteria of subdivision (b). All applications of prospective housing sponsors for loans authorized by this part shall be reviewed by the local housing agent, if any, for the area in which housing development to be financed is proposed to be located. The local housing agent shall approve an application, unless it expressly finds that the application does not meet one or more of the following criteria

(1) The proposed housing development conforms with a housing element that meets the requirements of subdivision (b).

(2) The proposed housing development is consistent with the provision of a full range of housing opportunities within the jurisdiction of the local housing agent.

(3) The proposed housing development would be in compliance with applicable federal, state, and local laws respecting economic and racial mix in housing.

An application shall be deemed approved if the local housing agent fails to approve or reject it within 40 days following the date of submission.

(b) A local housing agent shall meet all of the following criteria:

(1) The local housing agent shall have adopted a housing element, as required by subdivision (c) of Section 65302 of the Government Code, and an affirmative housing plan, if required by Section 65008 of the Government Code. The housing element shall not conflict with any housing assistance plan submitted to the federal government as part of an application to obtain funds for community development or housing.

(2) The housing element of the local agency shall provide for an economic and racial mix in new and rehabilitated housing throughout its jurisdiction:

(3) The local housing agent shall develop or specify a procedure, which shall be identified in its application to the agency, to expedite the processing of zoning changes, use permits, building permits, environmental clearance, and any other type of permit, approval, or clearance which may be required by the city, county, or city and county or by any other local public entity or governmental agency prior to construction or rehabilitation of a housing development.

(c) No housing development shall be assisted by a loan authorized by this part, unless the housing development has received the approval of the local housing agent. This subdivision shall not be applicable to housing developments proposed for areas in which there is no local housing agent.

(d) A local housing agent may delegate the function specified in this section to any local public entity, with the approval of the agency.

(e) At any time a local housing agent ceases to meet the criteria specified in subdivision (b) or, in the judgment of the agency or department, fails to implement or observe procedures approved by the department for review of proposed housing developments, the agency, or department may decertify the local housing agent.

41513 To facilitate coordinated planning on an intergovernmental basis, the agency shall provide an opportunity for review and comment to councils of governments certified by the United States Department of Housing and Urban Development for the purpose of comprehensive areawide planning, concerning proposed housing developments of more than 25 units within the respective jurisdictions of such organizations. If such a council of governments, within 40 days after receiving notification of a proposed housing development of over 25 units within its jurisdiction, notifies the agency that it disapproves of such housing development, the agency shall, prior to recordation of a loan to finance the housing development, provide to the council of governments a written explanation of the agency's reasons for proceeding despite such disapproval.

## CHAPTER 14 REHABILITATION AND HISTORIC PRESERVATION

41550 In accordance with the provisions of this chapter, the agency may provide assistance for rehabilitation and historic preservation

Upon application by a local public entity, the agency may designate an area within a city or county as a participating concentrated rehabilitation area if it makes the following findings

(a) The area was selected by the governing body of the city or county after citizen participation.

(b) There are a significant number of older and deteriorating structures in such area requiring rehabilitation or historic preservation

(c) Rehabilitation assistance is necessary to enable and encourage residents in such area to cooperate in a local program of concentrated code enforcement

(d) Rehabilitation of structures will arrest deterioration in the area.

(e) Rehabilitation of structures in the area is economically feasible

(f) The local public entity has offered to contract with the agency to (1) provide necessary supporting neighborhood public improvements and services, such as street improvements, tree planting, undergrounding of utility lines, and construction of drainage facilities in the area for which eligibility has been requested, and (2) provide concentrated and continuing enforcement of state and local housing and building standards in such area

(g) The local public entity has made every effort to prevent unnecessary displacement in accomplishing rehabilitation and has an adequate program of relocation advisory assistance for persons unavoidably displaced due to rehabilitation

(h) The supply of housing available to very low income households at affordable rents and the supply of housing available to persons and families of moderate income at affordable rents will not be reduced within the area because those displaced will receive relocation payments and be able to obtain standard housing in the area. Alternatively, standard housing will be available at affordable rents in equally desirable neighborhoods, expanding the range of housing opportunities for minority and low-income persons

(i) The local public entity has adopted a housing element in compliance with Section 65302 of the Government Code and adopted housing element guidelines which sets forth an effective plan for systematic enforcement of state and local building standards throughout its jurisdiction

(j) The application is consistent with local housing assistance plans adopted pursuant to the Housing and Community Development Act of 1974 (Public Law 93-383)

For 150 days following the effective date of this division, the agency may provide financing under the provisions of this chapter for housing developments within a proposed concentrated rehabilitation area, without making the findings otherwise required by this section if prompt action is necessary to obtain federal housing subsidies

41551 Upon approval of a participating concentrated rehabilitation area, the department may either:



(a) Enter into an agreement with the local public entity for purchase by the agency of bonds and notes issued pursuant to Chapter 3 (commencing with Section 37930 of Part 13 of Division 24; or

(b) Enter into an agreement with the local public entity for a program of rehabilitation assistance as provided in Section 41552 or 41553, or both, to be administered by the local public entity; or

(c) Enter into an agreement with the local public entity for a program of rehabilitation assistance as provided in Section 41552 or 41553, or both, to be administered by the agency

41552 Rehabilitation assistance for single-unit housing developments in participating concentrated rehabilitation areas shall include any or all of the following programs:

(a) A program providing mortgage loans to finance the purchase of rehabilitated housing developments for owner occupancy

(b) A program providing construction loans for rehabilitation of housing developments to be sold for owner occupancy

(c) A program providing rehabilitation loans for rehabilitation of single-unit owner-occupied housing developments.

(d) A program providing construction loans and mortgage loans to owners of single-unit owner-occupied housing developments, for the purpose of rehabilitating and refinancing such housing developments, where the cost of rehabilitation without refinancing exceeds the financial capability of the owner

Rehabilitation loans and mortgage loans provided under this section shall bear below-market interest and shall be made only to persons and families of low or moderate income. However, loans made in a participating concentrated rehabilitation area in which private lenders have been unable or unwilling to commit additional funds for housing, or made during a period of severe home finance credit shortage may be made at market interest regardless of the borrower's income, if financing at market interest is not otherwise available

41553 In addition, rehabilitation assistance may be provided in participating concentrated rehabilitation areas through construction loans, rehabilitation loans and mortgage loans for the rehabilitation, acquisition and rehabilitation or refinancing and rehabilitation of rental and cooperative housing developments. With respect to rehabilitation loans made to finance rental housing developments of more than one but less than five units in which the owner of the housing development lives, the highest interest rate charged shall be market interest and the rents charged by the owner shall be regulated in a manner consistent with maintenance of the supply of housing as set for in subdivision (h) of Section 41550. With respect to rehabilitation loans made to finance rental housing developments of five or more units, the agency shall regulate the rents charged in a manner that will be adequate for proper maintenance of the property while providing a reasonable rate of return to the housing sponsor

41554 Relocation payments shall be made to persons displaced because of inability to afford costs of compliance, temporary displacement for rehabilitation work assisted under this part, or rent increases re-

sulting from rehabilitation, with eligibility and amount of assistance to be determined pursuant to the Uniform Relocation and Real Property Acquisition Policies Act of 1970 (40 U S C, Sec 4601) or Chapter 16 (commencing with Section 7260) of Division 7 of Title 1 of the Government Code.

41555. Upon application by a local public entity the agency may designate a participating mortgage funds assistance area, after soliciting maximum feasible participation by local agencies and community organizations, if it makes the following findings:

(a) Market interest mortgage financing is generally unavailable in the area.

(b) Deterioration in the area has not progressed to a stage where there is a substantial number of structures which do not conform to rehabilitation standards. Alternatively, the area has deteriorated significantly but is anticipated to be assisted, within the following three years, by a rehabilitation assistance program, such as provided in this chapter.

(c) Unavailability of mortgage funds is likely to be a primary cause of deterioration of structures located in the area in the future

(d) Mortgage assistance in the area is likely to prevent or arrest deterioration in the area.

(e) Mortgage assistance in the area is economically feasible

(f) The area was selected after citizen participation.

(g) Agency activity in the area will inure primarily to the benefit of persons and families of low and moderate income

41556 In a participating mortgage funds assistance area, the agency may provide mortgage loans at market interest to housing sponsors under an agreement with the local public entity for administration by the agency or by the local public entity administration of the loan program.

41557. Upon application by a local public entity the agency may agree to provide construction loans, rehabilitation loans, and mortgage loans at market interest where necessary for the maintenance, restoration, or relocation of historic structures. However, prior to granting a loan for the purpose of historic preservation, the agency shall first determine that the housing sponsor applying for assistance has made a concerted effort to obtain financing from private lenders with the use of a state mortgage insurance program, if such exists.

41558. Upon application by a local public entity the agency may agree to allocate rehabilitation assistance for a citywide or countywide program of enforcement of state and local housing standards. Such assistance may be administered by the local public entity or the agency

#### CHAPTER 7 REVENUE BONDS

41700 The agency may from time to time issue its negotiable bonds in such principal amount as the agency, with the approval of the housing bond credit committee, shall determine to be necessary to provide sufficient funds for financing housing developments and for the payment of interest on bonds of the agency, establishment of reserves

to secure such bonds and other expenditures of the agency incident to, and necessary or convenient to, issuance of such bonds.

Issuance of the bonds of the agency shall be coordinated by the State Treasurer. To obtain a date for the issuance of bonds, the agency shall inform the State Treasurer of the amount of the proposed issue. Upon such notification, the State Treasurer shall provide three 10-day periods, within the 90 days next following when the bonds could be issued, subject to approval of the housing bond credit committee. The agency may choose any date during the suggested periods or any other date to which the agency and the State Treasurer have mutually agreed. The State Treasurer shall sell the bonds on the date chosen according to terms approved by the agency.

The aggregate principal amount of nonguaranteed bonds which may be issued pursuant to this part shall not exceed three hundred million dollars (\$300,000,000), exclusive of indebtedness incurred to refund or renew previously issued bonds of the agency to the extent of the outstanding principal indebtedness of such previously issued bonds, including the payment of any redemption premium thereon and any interest accrued or to accrue to the date of redemption of such bonds. Guaranteed taxable bonds to be issued by the agency may be authorized in an amount not exceeding one-half of the authorization for nonguaranteed bonds.

Notwithstanding any other provisions of this part, only the following types of housing developments may be eligible for mortgage loans made with the proceeds of bonds:

(a) Housing developments financed with taxable bonds of the agency guaranteed under Section 802 of Title VIII of the Federal Housing and Community Development Act of 1974.

(b) Housing developments financed with bonds of the agency that are guaranteed or the timely payment of principal and interest of which is insured by an agency of the state or by a private insuring entity authorized to engage in such business.

(c) Housing developments, the mortgage loans on which are expected to be insured under a program utilizing federal guarantee as authorized under Section 214 of Title III of the Federal Housing and Community Development Act of 1974 (P.L. 93-383).

(d) Housing developments, the mortgage loans on which are expected to be insured by an agency of the state, a political subdivision of the state, or by a private insuring entity authorized to engage in such business.

(e) Housing developments, the mortgage loans on which are expected to be insured by the Federal Housing Administration or guaranteed by the United States Veterans Administration.

(f) Housing developments financed by a loan made by the agency to a qualified mortgage lender, if both of the following conditions are met:

(1) The loan to the qualified mortgage lender is a general obligation of the mortgage lender, and

(2) The qualified mortgage lender is a member of the Federal Deposit Insurance Corporation or of the Federal Savings and Loan Insurance Corporation.

(g) Housing developments financed by tax-exempt bonds for which a reserve fund is created that equals at least the average annual debt service on the bonds issued

41701 The agency may from time to time, issue (1) notes to renew notes and (2) other bond obligations to pay notes, including the interest thereon and whenever it deems refunding expedient, to refund any bonds by the issuance of new bonds, whether the bonds to be refunded have or have not matured, and to issue bonds partly to refund bonds then outstanding and partly for any of its purposes

41702 Except as may otherwise be expressly provided by resolution of the agency, every issue of its bonds shall be general obligations of the agency payable out of any assets, revenues, or moneys of the agency, subject only to any agreements with the holders of particular bonds pledging any particular assets, revenues or moneys

41703 The bonds shall be authorized by resolution or resolutions of the agency, shall bear such date or dates, and shall mature at such time or times as such resolution or resolutions may provide, except that no bond shall mature more than 50 years from the date of its issue. The bonds may be issued as serial bonds payable in annual installments or as term bonds, or as a combination thereof, and, notwithstanding any other provision of law, the amount of principal of or interest on, bonds maturing at each date of maturity need not be equal. The bonds shall bear interest at such rate or rates, be in such denominations, be in such form either coupon or registered, carry such registration privileges, be executed in such manner, be payable in such medium of payment at such place or places within or without the state, and be subject to such terms of redemption as such resolution or resolutions may provide. The bonds of the agency shall be sold by the State Treasurer at or below such price level or levels as the agency shall determine prior to the date or dates of any sale or sales

41704 Any resolution or resolutions authorizing any bonds or issue therefor may contain provisions, which shall be a part of the contract or contracts with the holders thereof, as to:

(a) Pledging all or any part of the revenues of the agency to secure the payment of the bonds or any issue thereof, subject to such agreements with bondholders as may then exist

(b) Pledging all or any part of the assets of the agency, including mortgages and obligations securing the same, to secure the payment of the bonds or any issue thereof subject to such agreements with noteholders or bondholders as may then exist

(c) The use and disposition of the gross income from mortgages owned by the agency and payment of principal of mortgages owned by the agency

(d) The setting aside of reserves or sinking funds and the regulation and disposition thereof

(e) Limitations on the purposes to which the proceeds of a sale of bonds may be applied and pledging such proceeds to secure the payment of the bonds or of any issue thereof

(f) Limitations on the issuance of additional bonds the terms upon which additional notes or bonds may be issued and secured, and the refunding of outstanding bonds

(g) The procedure, if any by which the terms of any contract with bondholders may be amended or abrogated, the amount of bonds the holders of which must consent thereto, and the manner in which such consent may be given

(h) Limitations on the amount of moneys to be expended by the agency for operating expenses of the agency

(i) Vesting in a trustee or trustees such property, rights, powers, and duties in trust as the agency may determine, which may include any or all of the rights, powers and duties of the trustee appointed by the bondholders pursuant to this part and limiting or abrogating the right of the bondholders to appoint a trustee or limiting the rights, powers, and duties of such trustee

(j) Defining the acts or omissions to act which shall constitute a default in the obligations and duties of the agency to the holders of the bonds and providing for the rights and remedies of the holders of the bonds in the event of such default, including as a matter of right the appointment of a receiver However such rights and remedies shall not be inconsistent with the general laws of the state and the other provisions of this division

(k) Any other matters, of like or different character, which in any way affect the security, protection, or investment return of the holders of the bonds

41705 Any pledge made by the corporation shall be valid and binding from the time when the pledge is made The revenues, moneys, or property so pledged and thereafter received by the agency shall immediately be subject to the lien of such pledge without any physical delivery thereof or further act and the lien of any such pledge shall be valid and binding as against all parties having claims of any kind in tort, contract, or otherwise against the agency, irrespective of whether such parties have notice thereof Neither the resolution nor any other instrument by which a pledge is created need be recorded

41706 The members of the board, the president of the agency, or any other person executing such notes or bonds shall not be subject to any personal liability or accountability by reason of the issuance thereof

41707 There is hereby created a housing bond credit committee composed of the State Controller, the State Treasurer, the Director of Finance, the chairperson, and the president, each of whom shall serve thereon without compensation and a majority of whom shall be empowered to act for such committee Prior to the issuance of any bonds, the board shall submit to the committee a statement of the purpose for which bonds are proposed to be issued and the amount of the proposed issuance The committee shall determine the general adequacy of the program's security in protecting the state's credit If the committee finds the state's credit would be subject to an undue risk, it

may disapprove the proposed issuance or reduce the amount of the proposed issuance.

41708 The State Treasurer shall act as trustee for the corporation and the holders of its bonds. Any resolution authorizing any bonds or issue thereof shall prescribe the duties of the State Treasurer with respect to the issuance, authentication, sale, and delivery of the bonds, the payment of principal and interest thereof, and the redemption of the bonds.

The agency may provide by an indenture for the deposit of all revenues received from a project in a separate account in the California Housing Finance Fund under the control of the State Treasurer as trustee. The money in such fund shall be disbursed only as provided in the indenture.

The board may authorize the State Treasurer to act as trustee on behalf of the holders of its bonds, or any stated percentage thereof, for the purpose of exercising and prosecuting on behalf of the holders of the bonds such rights and remedies as may be available to such holders. However, nothing in this section shall preclude the appointment of a trustee, other than the State Treasurer, to represent and enforce rights of holders of bonds of the corporation if, and in the manner and under conditions, provided in the resolution authorizing the bonds.

41709 The State Treasurer or other trustee acting on behalf of bondholders shall have and possess all the powers necessary or convenient for the exercise of any functions specifically set forth in this part or incident to the general representation of bondholders in the enforcement and protection of their rights. The Superior Court of Sacramento County shall have jurisdiction of and Sacramento County shall be the appropriate venue for, any suit, action, or proceedings by the trustee on behalf of bondholders.

41710 Whether or not the bonds are of such form and character as to be negotiable instruments under, or subject to the terms of the California Uniform Commercial Code, the bonds and any security instruments underlying the bonds are hereby made negotiable instruments within the meaning of and for all the purposes of, such code, subject only to the provisions of the bonds for registration.

41711 In the event any of the board members or officers of the agency whose signatures appear on any bonds or coupons shall cease to be such board members or officers before the delivery of such bonds, such signatures shall, nevertheless, be valid and sufficient for all purposes, the same as if such board members or officers had remained in office until such delivery.

41712 Proceeds derived from the issuance of bonds or securities and any interest or other increment derived from the investment thereof may be used for any of the purposes of the agency, including but not limited to, creation of reserves, repayment of the loan from the state made pursuant to the act enacting this division, operating costs, other expenses, and subsidy programs.

41713 The agency, in its discretion and pursuant to agreements with bondholders, may create and establish one or more special accounts in the California Housing Finance Fund which shall be known as "bond reserve funds" and shall pay into each such bond reserve fund (1) any moneys appropriated and made available by the Legislature for the purpose of such fund (2) any proceeds of sale of bonds to the extent provided in the resolution or resolutions of the agency authorizing the issuance thereof and (3) any other moneys which the agency may make available for the purpose of such bond reserve fund from any other source or sources. All moneys held in any bond reserve fund, except as otherwise provided in this part, shall be used as required solely for the payment of the principal of bonds secured in whole or in part by such fund, for the sinking fund payments authorized by this part with respect to such bonds for the purchase or redemption of such bonds, for the payment of interest on such bonds or for the payment of any redemption premium required to be paid when such bonds are redeemed prior to maturity. However, moneys in a bond reserve fund shall not be withdrawn therefrom at any time in such amount as would reduce the amount of the bond reserve fund to less than the bond reserve requirement established for such fund as provided in Section 41714, except for the purpose of making, with respect to bonds secured in whole or in part by such fund payment when due of principal, interest, redemption premiums and the sinking fund payments, as provided in this part for the payment of which other moneys of the agency are not available. Any income or interest earned by, or incremental to, any bond reserve fund due to the investment thereof may be transferred by the agency to other funds or accounts of the agency to the extent it does not reduce the amount of the bond reserve fund below the bond minimum bond reserve fund requirement for such fund.

In computing the amount of bond reserve funds for the purpose of this section, securities in which all or a portion of such funds are invested shall be valued at par if purchased at par, and shall be valued at amortized value, as such term is defined by resolution of the agency, if purchased at other than par.

41714 The agency shall not at any time issue bonds, secured in whole or in part by a bond reserve fund if upon the issuance of such bonds, the amount in such bond reserve fund will be less than the minimum bond reserve fund requirement for such fund unless the agency at the time of issuance of such bonds shall deposit in such fund from the proceeds of the bonds to be issued or from other sources, an amount which, together with the amount then in such fund, will not be less than the bond reserve fund requirement for such fund. For the purposes of this chapter, the term "bond reserve fund requirement" shall mean, as of any particular date of computation an amount of money, as provided in the resolution or resolutions of the agency authorizing the bonds with respect to which such bond reserve fund is created, that is established as a reserve for current or future obligations to the bondholders.

41715 To assure the continued operation and solvency of the agency and for the carrying out of its corporate purposes provision is made in Section 41713 for the accumulation in each bond reserve fund of an amount equal to the minimum capital reserve fund requirement for such fund. In order to farther assure the maintenance of specified bond reserve funds, the agency may agree with holders of notes or bonds secured by specific bond reserve funds that the chairperson and president of the agency shall annually on or before November 10, make and deliver to the Governor their certificate stating the sum, if any, required to restore each specified bond reserve fund to the bond reserve fund requirement for such fund. The Governor shall include the sum, if any, required to restore each specified capital reserve fund to the bond reserve fund requirement for such fund. All sums appropriated by the Legislature if any and paid to the agency shall be deposited by the agency in the applicable bond reserve fund.

41716 The agency shall create and establish such other accounts in the California Housing Finance Fund as may be necessary or desirable for its agency purposes.

41717. The agency may provide for the issuance of refunding bonds for the purpose of refunding any bonds then outstanding which have been issued under the provisions of this chapter including the payment of any redemption premium thereon and any interest accrued or to accrue to the date of redemption of such bonds, and for any purpose of the agency. The issuance of such obligations, the maturities and other details thereof, the rights of the holders thereof and the rights, duties, and obligations of the agency in respect of the same shall be governed by the provisions of this chapter which relate to the issuance of bonds, insofar as such provisions may be appropriate therefor.

41718 Refunding bonds issued as provided in Section 41717 may be sold or exchanged for outstanding bonds issued under this part and, if sold, the proceeds thereof may be applied in addition to any other authorized purposes, to the purchase, redemption or payment of such outstanding bonds. Pending the application of the proceeds of any such refunding bonds, with any other available moneys, (1) to the payment of the principal, accrued interest and any redemption premium on the bonds being refunded (2) to the payment of any interest on such refunding bonds or (3) to any expenses incurred in connection with such refunding such proceeds may be invested in such obligations as are permitted under the bond resolution authorizing the issuance of refunding bonds.

41719 The state does hereby pledge to and agree with the holders of any bonds issued under this part that the state will not limit or alter the rights hereby vested in the agency to fulfill the terms of any agreements made with the holders thereof or in any way impair the rights and remedies of such holders until such bonds, together with the interest thereon, with interest on any unpaid installments of interest, and all costs and expenses in connection with any action or proceeding by or on behalf of such holders, are fully met and dis-



charged. The agency is authorized to include this pledge and agreement of the state in any agreement with the holders of such notes or bonds.

41720 Bonds issued under the provisions of this chapter shall not be deemed to constitute a debt or liability or obligation of the state or of any political subdivision thereof or a pledge of the faith and credit of the state or of any such political subdivision but shall be payable solely from the revenues or assets of the agency. Each bond issued under this chapter shall contain on the face thereof a statement to the effect that the agency shall not be obligated to pay the same nor the interest thereon except from the revenues or assets pledged therefor and that neither the faith and credit nor the taxing power of the state or of any political subdivision thereof is pledged to the payment of the principal of, or the interest on, such bond.

41721 The bonds of the agency shall be legal investments in which all public officers and public bodies of this state, its political subdivisions, all municipalities and municipal subdivisions, all insurance companies and associations and other persons carrying on an insurance business, all banks, bankers, banking institutions, including savings and loan associations, building and loan associations, trust companies, savings banks and savings associations, investment companies and other persons carrying on a banking business, all administrators, guardians, executors, trustees and other fiduciaries, and all other persons whatsoever who are now or may hereafter be authorized to invest in bonds or in other obligations of the state, may properly and legally invest funds, including capital, in their control or belonging to them. The bonds may be used by any such private financial institution, person, or association as security for public deposits. The bonds are also hereby made securities which may properly and legally be deposited with and received by all public officers and bodies of the state or any agency or political subdivision of the state and all municipalities and public corporations for any purpose for which the deposit of bonds or other obligations of the state is now or may hereafter be authorized by law, including deposits to secure public funds.

SEC 11 Section 8 of Chapter 1222 of the Statutes of 1965 is repealed.

Sec 8 The provisions of this act shall be operative only until the 61st day after final adjournment of the 1976 Regular Session of the Legislature unless such expiration date is extended by the Legislature. If there is no such extension and this act ceases to be operative, then the agencies and functions which are transferred by this act to the Department of Housing and Community Development shall be transferred to the agencies from which they were removed and all employees involved shall have the same civil service rights of transfer and return to their original agencies as are provided under the terms of this act. On or before the fifth calendar day of the 1973 Regular Session of the Legislature, the Department of Housing and Community Development and the Commission of Housing and Community Development shall submit to the Legislature a report containing (1) a detailed review

of the department's enforcement of its statutory duties, and (2) detailed proposals for legislation.

SEC 12 It is the intent of the Legislature that Section 11 of this act shall have the effect of making the transfer of the Division of Housing and of other functions to the Department of Housing and Community Development by Chapter 1222 of the Statutes of 1965 permanent and that the status, position, and rights of persons serving in the state civil service and employed by the Commission of Housing and Community Development or the Department of Housing and Community Development shall continue to be retained by them pursuant to the State Civil Service Act (Part 2 (commencing with Section 18500) of Division 5 of Title 2 of the Government Code)

SEC 13 The sum of seven hundred fifty thousand dollars (\$750,000) is hereby appropriated from the General Fund for transfer to the California Housing Finance Fund, to be used by the California Housing Finance Agency for the initial expenses of the agency. Within 10 days after the date on which this act becomes effective all moneys appropriated by this section shall be deposited in the California Housing Finance Fund. Such moneys shall constitute, and be accounted for, as advances to the agency and a like amount shall be repaid to the General Fund in the State Treasury, without interest, not later than January 1, 1986, from all available operating revenues of the California Housing Finance Agency in excess of amounts required for the payment of bonds or other obligations of the agency or for its current operating expenses.

SEC 14 Section 41133 of the Health and Safety Code, as added by Section 10 of this act, requires the adoption of regulations as a clarification, rather than an extension, of the obligation of counties and cities to adopt a housing element in conformity with established guidelines. Chapter 1803 of the Statutes of 1971, effective March 4, 1972, made it mandatory that the guidelines be followed. Therefore, no appropriation is made by this act, or the regulations to be adopted under this act, under Section 2231 of the Revenue and Taxation Code, for the reimbursement of any local agency for any costs that may be incurred by it in carrying out the program or performing the services required to be carried on or performed by Section 37109 of the Health and Safety Code, as added by Section 10 of this act, or any regulation adopted pursuant to such section of this act."

#### **Amendment No. 8**

On page 3, strike out lines 2 to 30, inclusive; and strike out pages 4 to 53, inclusive

Bill ordered reprinted, and to be re-referred to the Committee on Housing and Community Development

#### **ADJOURNMENT**

At 4:30 p m, Speaker McCarthy declared the Assembly adjourned until 9:30 a m, Monday, March 10, 1975

LEO T. McCARTHY, Speaker

ANABEL FLEURY, Minute Clerk

## CALIFORNIA LEGISLATURE

1975-76 FIRST EXTRAORDINARY SESSION

**ASSEMBLY DAILY JOURNAL**

Thirteenth Legislative Day

Twenty-second Calendar Day

**IN ASSEMBLY**Assembly Chamber, Sacramento  
Monday, March 10, 1975

The Assembly met at 11 34 a m

Hon Julian C Dixon, Member of the Assembly, 49th District, presid-  
ing

Assistant Chief Clerk R Brian Kidney at the Desk

Assistant Clerk Ray Monday reading

**ROLL CALL**

The roll was called, and the following answered to their names—76.

Alatorre	Craven	Keiser	Perino
Antonovich	Cullen	Knox	Priolo
Arnett	Davis	Laucaster	Ralph
Bane	Deddeh	Lauterman	Robinson
Banner	Dixon	Lewis	Rosenthal
Berman	Duffy	Lochyer	Siegler
Beverly	Egeland	MacDonald	Sieroty
Boitright	Fenton	Maddy	Snitt
Briggs	Foran	McAlister	Thomas, Vincent
Burke	Garamendi	McLennan	Thomas, William
Cayo	Goggin	McVittie	Thurman
Campbell	Greene, Bill	Monde	Tottes
Carpenter	Greene, Leroy F.	Miller	Tucker
Chacon	Gualco	Mobley	Vasconcellos
Chappie	Hart	Montoya	Vicencia
Chel	Havden	Murphy	Wilson
Chumbole	Ingalls	Nestande	Wotnum
Clue	Kapiloff	Nimmo	Zberg
Collier	Keeue	Papan	Mr Speaker

**PRAYER**

The following prayer was offered by the Chaplain, Father Leo McAllister

*Lord, Help lawmakers of all nations to commit themselves to the goal of saving succeeding generations from the scourge of war; to reaffirm their faith in human rights based on the dignity and worth of the human person*

*Help them to promote social progress and better standards of life in larger freedom*

*Help them to understand the motives of those who speak loudly and the needs of which these cries are born. Save them from assuming that things are all right with those who, for one reason or another, choose to remain silent —AMEN*

**PLEDGE OF ALLEGIANCE TO THE FLAG**

Upon request of Acting Speaker Dixon, Mr. Arnett then led the Assembly in the pledge of allegiance to the Flag

**READING OF THE JOURNAL DISPENSED WITH**

By unanimous consent, reading of the Journal of the previous legislative day was dispensed with

**LEAVES OF ABSENCE FOR THE DAY**

The following Members were granted leaves of absence for the day, on personal business, and desired to waive their per diem

Mr. Badham, on request of Acting Speaker Dixon

Mr. Brown, on request of Acting Speaker Dixon

Mr. Warren, on request of Acting Speaker Dixon

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NOTE For letter explaining the absence of Mr. Badham on this day, see Assembly Daily Journal for the Regular Session for March 4, 1975, page 1416.

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NOTE For letter explaining the absence of Mr. Warren on this day, see Assembly Daily Journal for the Regular Session for this day

**RECESS**

At 11:35 a.m., Acting Speaker Dixon declared the Assembly recessed until 2:45 p.m.

**REASSEMBLED**

At 2:45 p.m., the Assembly reconvened

Hon. Julian Dixon, Member of the Assembly, 49th District, presiding

**ADJOURNMENT**

At 2:47 p.m., Acting Speaker Dixon declared the Assembly adjourned until 9 a.m., Tuesday, March 11, 1975

LEO T. McCARTHY, Speaker

ANABEL FLEURY, Minute Clerk

## CALIFORNIA LEGISLATURE

1975-76 FIRST EXTRAORDINARY SESSION

## ASSEMBLY DAILY JOURNAL

Fourteenth Legislative Day

Twenty-third Calendar Day

## IN ASSEMBLY

Assembly Chamber, Sacramento  
Tuesday, March 11, 1975

The Assembly met at 10:21 a.m.

Hon. Louis J. Papan, Speaker pro Tempore of the Assembly, presiding  
Chief Clerk James D. Driscoll at the Desk

Assistant Clerk Ray Monday reading

## ROLL CALL

The roll was called, and the following answered to their names--74

Alatorre	Culver	Kryson	Priolo
Antonovich	Craven	Lancaster	Ralph
Arnott	Cullen	Lauterman	Robinson
Bane	Davis	Lewis	Rosenthal
Bannan	Deddeh	Lockyer	Siegler
Berman	Duffy	MacDonald	Sieroty
Beverly	England	Maddy	Sutt
Boatwright	Fenton	McAlister	Thomas Vincent
Briggs	Folan	McLain	Thomas Wilham
Brown	Garamendi	McVittie	Thurman
Burke	Goggin	Miler	Torres
Canino	Greene Bill	Mobley	Tucker
Campbell	Greene Letoy P.	Montoya	Vasconcellos
Carpenter	Gualco	Murphy	Viceneva
Chacon	Hart	Nestande	Wilson
Chapple	Hayden	Nimmo	Wornum
Chel	Incalls	Papan	Zberg
Chimbole	Kaploff	Perino	Mr. Speaker
Clue	Keene		

Quorum present

## REGULAR BUSINESS DISPENSED WITH

By unanimous consent the regular order of business of the Assembly was dispensed with for this legislative day.

**LEAVES OF ABSENCE FOR THE DAY**

The following Member was granted leave of absence for the day, because of illness:

Mr Dixon, on request of Speaker pro Tempore Papan

The following Member was granted leave of absence for the day, on legislative business, and desired to waive his per diem.

Mr Knox, on request of Speaker pro Tempore Papan

The following Members were granted leaves of absence for the day, on personal business, and desired to waive their per diem.

Mr Badham, on request of Speaker pro Tempore Papan.

Mr. Warren, on request of Speaker pro Tempore Papan

The following Member was excused for the day, and his per diem was waived.

Mr Meade.

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NOTE For letter explaining the absence of Mr Badham on this day, see Assembly Daily Journal for the Regular Session for March 4, 1975, page 1416

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NOTE For letter explaining the absence of Mr Warren on this day, see Assembly Daily Journal for the Regular Session for March 10, 1975, page 2073

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NOTE For letter explaining the absence of Mr Knox on this day, see Assembly Daily Journal for the Regular Session for this day

**COMMUNICATIONS**

Assembly Chamber, March 11, 1975

Mr Speaker Pursuant to your instructions, the Chief Clerk has examined.

AB No 1

And reports the same correctly engrossed

JAMES D DRISCOLL, Chief Clerk

Above bill re-referred to committee.

**RECESS**

At 10 23 a m, Speaker pro Tempore Papan declared the Assembly recessed until 2 46 p m

**REASSEMBLED**

At 2 46 p m , the Assembly reconvened

Hon Louis J Papan, Speaker pro Tempore of the Assembly, presiding

**ADJOURNMENT**

At 2 50 p m , Speaker pro Tempore Papan declared the Assembly adjourned until 9 a m , Wednesday, March 12, 1975

LEO T McCARATHY, Speaker

ANABEL FLEURY, Minute Clerk





## CALIFORNIA LEGISLATURE

1975-76 FIRST EXTRAORDINARY SESSION

**ASSEMBLY DAILY JOURNAL**

Fifteenth Legislative Day

Twenty-fourth Calendar Day

**IN ASSEMBLY**

Assembly Chamber, Sacramento  
 Wednesday, March 12, 1975

The Assembly met at 10:29 a m  
 Hon. Louis J Papan, Speaker pro Tempore of the Assembly, pre-  
 siding

Chief Clerk James D Driscoll at the Desk.

Assistant Clerk Ray Monday reading.

**ROLL CALL**

The roll was called, and the following answered to their names—75:

Alatorre	Chine	Keene	Papan
Antonovich	Colther	Kejzor	Perino
Arnett	Ciaven	Knox	Priolo
Badham	Cullen	Lancaster	Ralph
Bane	Davis	Lanterman	Robinson
Bannai	Deddeh	Lewis	Rosenthal
Berman	Dixon	Lockyer	Siegler
Beverly	Duffy	MacDonald	Sieroty
Boatwright	Egeland	Maddy	Thomas, William
Briggs	Fenton	McAlister	Thurman
Brown	Foian	McLennan	Torres
Burke	Garamendi	McVittie	Tucker
Calvo	Goggin	Meade	Vaseconcellos
Campbell	Greene, Leroy F.	Miller	Vicencia
Carpenter	Gualco	Mobley	Wilson
Chacon	Hart	Montoya	Wornum
Chappie	Hayden	Murphy	Z'berg
Chel	Ingalls	Nestande	Mr Speaker
Chimbole	Kaploff	Nimmo	

Quorum present.

**REGULAR BUSINESS DISPENSED WITH**

By unanimous consent, the regular order of business of the Assembly was dispensed with for this legislative day.

**LEAVES OF ABSENCE FOR THE DAY**

The following Member was granted leave of absence for the day, because of illness:

Mr. Vincent Thomas, on request of Speaker pro Tempore Papan.

The following Members were granted leaves of absence for the day, on personal business, and desired to waive their per diem:

Mr. Sutt, on request of Speaker pro Tempore Papan.

Mr. Warren, on request of Speaker pro Tempore Papan.

The following Member was excused for the day, and his per diem was waived:

Mr. Bill Greene.

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NOTE: For letter explaining the absence of Mr Warren on this day, see Assembly Daily Journal for the Regular Session for March 10, 1975, page 2073.

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**RECESS**

At 10:30 a.m., Speaker pro Tempore Papan declared the Assembly recessed until 2:44 p.m.

**REASSEMBLED**

At 2:44 p.m., the Assembly reconvened.

Hon. Louis J. Papan, Speaker pro Tempore of the Assembly, presiding.

**ADJOURNMENT**

At 2:47 p.m., Speaker pro Tempore Papan declared the Assembly adjourned until 1:30 p.m., Thursday, March 13, 1975.

LEO T. McCARTHY, Speaker

ANABEL FLEURY, Minute Clerk

## CALIFORNIA LEGISLATURE

1975-76 FIRST EXTRAORDINARY SESSION

**ASSEMBLY DAILY JOURNAL**

Sixteenth Legislative Day

Twenty-fifth Calendar Day

**IN ASSEMBLY**Assembly Chamber, Sacramento  
Thursday, March 13, 1975

The Assembly met at 4 10 p m

Hon Leo T McCarthy, Speaker of the Assembly, presiding

Chief Clerk James D Driscoll at the Desk.

Assistant Clerk Ray Monday reading.

**ROLL CALL**

The roll was called, and the following answered to their names—79:

Alatorre	Collier	Keysor	Perino
Antonovich	Craven	Knox	Priolo
Ainett	Cullen	Lancaster	Ralph
Badham	Davis	Lanterman	Robinson
Bane	DeDeeb	Lewis	Rosenthal
Bannan	Dixon	Lockyer	Siegler
Beiman	Duffy	MacDonald	Sieroty
Beverly	Egeland	Maddy	Smitt
Boatwright	Fenton	McAbster	Thomas, William
Briggs	Foran	McLennan	Thurman
Brown	Garamendi	McVittie	Torres
Burke	Goggin	Mende	Tucker
Calvo	Greene, Bill	Miller	Vasconcellos
Campbell	Greene, Leroy F.	Mobley	Vicencia
Carpenter	Gualco	Montoja	Warren
Chacon	Hart	Mori	Wilson
Chappie	Hayden	Murphy	Wornum
Chel	Ingalls	Nestande	Z'berg
Chimbole	Kapiloff	Nimmo	Mr Speaker
Chne	Keene	Papan	

Quorum present.

**PRAYER**

The following prayer was offered by the Chaplain, Father Leo McAllister:

*Lord of Hosts and God of Peoples, We hear Your promise to Abraham, "I will make of you a great nation," and we dare to ask it for ourselves.*

We have come through a sad passage of our history, stained by sin and human weakness

Help us to purify our country and to discover true greatness as we come to the anniversary of our birth.—AMEN.

**PLEDGE OF ALLEGIANCE TO THE FLAG**

Upon request of Speaker McCarthy, Mr. Arnett then led the Assembly in the pledge of allegiance to the Flag.

**MOTION TO DISPENSE WITH READING OF THE JOURNAL**

Further reading of the Journal of the previous legislative day was dispensed with on motion of Mr. Dixon, seconded by Mr. Collier.

**LEAVES OF ABSENCE FOR THE DAY**

The following Member was granted leave of absence for the day, because of illness:

Mr. Vincent Thomas, on request of Speaker McCarthy.

**RECESS**

At 4:11 p.m., Speaker McCarthy declared the Assembly recessed until 4:55 p.m.

**REASSEMBLED**

At 4:55 p.m., the Assembly reconvened.

Hon. Leo T. McCarthy, Speaker of the Assembly, presiding.

**ADJOURNMENT**

At 4:56 p.m., Speaker McCarthy declared the Assembly adjourned until 9:30 a.m., Monday, March 17, 1975.

LEO T. MCCARTHY, Speaker

ANABEL FLEURY, Minute Clerk

## CALIFORNIA LEGISLATURE

1975-76 FIRST EXTRAORDINARY SESSION

**ASSEMBLY DAILY JOURNAL**

Seventeenth Legislative Day

Twenty-ninth Calendar Day

**IN ASSEMBLY**Assembly Chamber, Sacramento  
Monday, March 17, 1975

The Assembly met at 10.55 a m.

Hon. Louis J. Papan, Speaker pro Tempore of the Assembly, presiding.

Assistant Chief Clerk R Brian Kidney at the Desk.

Assistant Clerk Ray Monday reading.

**ROLL CALL**

The roll was called, and the following answered to their names—78:

Alatorre	Craven	Knox	Priolo
Antonovich	Cullen	Lancaster	Ralph
Arnett	Davis	Lanterman	Robinson
Badham	Deddeh	Lewis	Rosenthal
Bane	Dixon	Lockyer	Siegler
Bannai	Duffy	MacDonald	Sieroty
Berman	Egeland	Makly	Surtt
Beverly	Fenton	McAlister	Thomas, Vincent
Boatwright	Foran	McLennan	Thomas, William
Briggs	Garamendi	McVittie	Thuman
Burke	Goggin	Meade	Torres
Calvo	Greene, Bill	Miller	Tucker
Campbell	Greene, Leroy F.	Mobley	Vasconcellos
Carpenter	Gualco	Montoya	Vicencia
Chacon	Hart	Mori	Warren
Chappie	Hayden	Murphy	Wilson
Chei	Ingalls	Nestande	Wornum
Chimbole	Kaploff	Nimmo	Z'berg
Cline	Keene	Papan	Mr. Speaker
Collier	Keysor		

Quorum present.

**REGULAR BUSINESS DISPENSED WITH**

By unanimous consent, the regular order of business of the Assembly was dispensed with for this legislative day.

**LEAVES OF ABSENCE FOR THE DAY**

The following Member was granted leave of absence for the day, because of a death in his family:

Mr. Perino, on request of Speaker pro Tempore Papan

The following Member was excused for the day, and his per diem was waived:

Mr. Brown.

**RECESS**

At 11 a m, Speaker pro Tempore Papan declared the Assembly recessed until 3 01 p.m.

**REASSEMBLED**

At 3 01 p m, the Assembly reconvened.

Hon Louis J. Papan, Speaker pro Tempore of the Assembly, presiding.

**Speaker Presiding**

At 11 25 p m, Hon Leo T McCarthy, 18th District, presiding.

**REQUEST TO SUSPEND JOINT RULE 62(a)**

Speaker McCarthy was granted unanimous consent that Joint Rule 62(a) be waived for the purpose of setting Assembly Bill No 1 for hearing in the Committee on Housing and Community Development on Thursday, March 20, 1975, at 9 a m, in Room 6031.

**ADJOURNMENT**

At 11 30 p m, Speaker McCarthy declared the Assembly adjourned until 9 a m, Tuesday, March 18, 1975.

LEO T. McCARTHY, Speaker

ANABEL FLEURY, Minute Clerk

## CALIFORNIA LEGISLATURE

1975-76 FIRST EXTRAORDINARY SESSION

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**ASSEMBLY DAILY JOURNAL**

Eighteenth Legislative Day

Thirtieth Calendar Day

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**IN ASSEMBLY**


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Assembly Chamber, Sacramento  
Tuesday, March 18, 1975

The Assembly met at 11 16 a m.

Hon. Louis J. Papan, Speaker pro Tempore of the Assembly, presiding

Chief Clerk James D. Driscoll at the Desk

Assistant Clerk Ray Monday reading.

**ROLL CALL**

The roll was called, and the following answered to their names—77:

Alatorre	Craven	Knox	Priolo
Antonovich	Davis	Launcester	Ralph
Arnett	Deddeh	Lanterman	Robinson
Bane	Dixon	Lewis	Rosenthal
Bannai	Duffy	Lockyer	Siegler
Berman	Egeland	MacDonald	Sietoty
Beverly	Fenton	Madd	Switt
Boatwright	Forn	McAlister	Thomas Vincent
Briggs	Garumendi	McLennan	Thomas William
Brown	Goggin	McVittie	Thurman
Bunke	Greene, Bill	Mende	Tories
Calvo	Greene, Leroy F	Miller	Tucker
Campbell	Gualco	Mobley	Vasconcellos
Carpenter	Hart	Montoya	Vicencia
Chacon	Hayden	Mori	Warren
Chappie	Ingalls	Murphy	Wilson
Chel	Kapiloff	Nestande	Worrum
Chimbole	Keene	Nimmo	Z'berg
Cline	Keyser	Papan	Mr Speaker
Collier			

Quorum present

**REGULAR BUSINESS DISPENSED WITH**

By unanimous consent, the regular order of business of the Assembly was dispensed with for this legislative day.

**LEAVES OF ABSENCE FOR THE DAY**

The following Member was granted leave of absence for the day, on personal business, and desired to waive his per diem:

Mr. Badham, on request of Speaker pro Tempore Papan.

The following Member was granted leave of absence for the day, because of a death in his family:

Mr. Perino, on request of Speaker pro Tempore Papan.

The following Member was excused for the day, and his per diem was waived:

Mr. Cullen.

**REQUEST FOR UNANIMOUS CONSENT**

Speaker pro Tempore Papan was granted unanimous consent that the Desk be held open today for the purpose of receiving the Report of the Committee on Housing and Community Development relative to Assembly Bill No. 1; and that the bill be taken up today, without reference to file, for purpose of second reading and adoption of committee amendments, and that the bill be considered engrossed

**RECESS**

At 11 17 a m., Speaker pro Tempore Papan declared the Assembly recessed until 3 01 p m.

**REASSEMBLED**

At 3 01 p m., the Assembly reconvened

Hon. Louis J. Papan, Speaker pro Tempore of the Assembly, presiding

**REPORTS OF STANDING COMMITTEES****Committee on Housing and Community Development**

Assembly Chamber, March 17, 1975

Mr Speaker Your Committee on Housing and Community Development reports:

AB No. 1

With amendments with the recommendation: Amend, and re-refer to the Committee on Housing and Community Development

CHACON, Chairman

**SECOND READING OF ASSEMBLY BILL NO. 1  
BY UNANIMOUS CONSENT**

Pursuant to unanimous consent granted earlier this day, Assembly Bill No. 1 was taken up, without reference to file, for the purpose of reading the bill a second time, and adopting the committee amendments at this time.



**Assembly Bill No. 1**—An act to amend Sections 7267, 7268, 11552, and 11556 of the Government Code, to amend Section 34802 of, to amend the heading of Article 4 (commencing with Section 34900) of Chapter 1 of Part 3 of Division 24 of, to add Section 17958 9 to, to add Division 31 (commencing with Section 41000) to, to repeal Chapter 3 (commencing with Section 17930) of Part 1 5 of Division 13 of, and to repeal Part 8 (commencing with Section 37000) of Division 24 of, the Health and Safety Code, and to repeal Section 8 of Chapter 1222 of the Statutes of 1965, relating to housing, and making an appropriation therefor.

Bill read second time.

#### **Consideration of Committee Amendments**

The following amendments, proposed by the Committee on Housing and Community Development, were read, and adopted:

##### **Set No. 1**

##### **Amendment No. 1**

In line 9 of the heading of the printed bill, as amended in Assembly March 6, 1975, strike out "and Wornum", and insert "Wornum, and Ralph".

##### **Set No. 2**

##### **Amendment No. 1**

In line 1 of the title of the printed bill, as amended in Assembly March 6, 1975, strike out "to amend Sections", strike out lines 2 to 4, inclusive; and in line 5 of the title, strike out "Division 24 of, to add Section 17958 9 to,".

##### **Amendment No. 2**

In lines 6 and 7 of the title, strike out "to repeal Chapter 3 (commencing with Section 17930) of Part 1 5 of Division 13 of,".

##### **Amendment No. 3**

On page 7, strike out lines 1 to 32, inclusive, strike out pages 8 and 9; and on page 10, strike out lines 1 to 6, inclusive

##### **Amendment No. 4**

On page 10, line 8, strike out "SEC 9", and insert "SECTION 1".

##### **Amendment No. 5**

On page 10, line 8, after "of", insert "Division 24 of".

##### **Amendment No. 6**

On page 10, line 10, strike out "SEC 10", and insert "SEC. 2".

##### **Amendment No. 7**

On page 10, line 21, strike out "part", and insert "division".

**Amendment No. 8**

On page 10, line 26, strike out "morals,".

**Amendment No. 8.2**

On page 10, line 28, after "(a)", insert "Full cooperation and coordination with the cities and counties of the state in meeting the housing needs of the state on a level of government that is as close as possible to the people it serves is essential if workable programs are to be developed and implemented.

(b)".

**Amendment No. 8.5**

On page 10, line 31, strike out "(b)", and insert "(e)".

**Amendment No. 8.7**

On page 10, line 34, strike out "(c)", and insert "(d)".

**Amendment No. 9**

On page 10, line 38, strike out "(d)", and insert "(e)".

**Amendment No. 9.2**

On page 11, line 22, after "households", insert "and other persons and families of low or moderate income".

**Amendment No. 9.5**

On page 11, line 33, strike out "morals,".

**Amendment No. 10**

On page 11, line 39, after "afford", insert "and".

**Amendment No. 10.5**

On page 12, line 6, strike out ", so as to reduce economic pressures for"; and strike out line 7, and insert a period.

**Amendment No. 11**

On page 12, strike out lines 22 and 23; and in line 24, strike out "(f)", and insert "(e)".

**Amendment No. 11.1**

On page 12, line 26, strike out "(g)", and insert "(f)".

**Amendment No. 11.2**

On page 12, line 29, strike out "(h)", and insert "(g)".

**Amendment No. 11.3**

On page 12, line 32, strike out "(i)", and insert "(h)".

**Amendment No. 11.4**

On page 12, line 33, after "households", insert "and persons and families of low and moderate income".

**Amendment No. 12**

On page 12 strike out lines 34 to 37, inclusive, and insert  
“(i) The provision to local governments of the financial resources statistical data, and technical assistance needed to assist them in meeting the housing needs within their respective jurisdictions. The term “financial resources,” as used in this subdivision, means proceeds from the sale of bonds by the agency and federal assistance made available to the agency for any of the purposes of this division.”

**Amendment No. 13**

On page 13, between lines 11 and 12, insert

“41005 The Legislature finds and declares that full cooperation and coordination with the cities and counties of the state in meeting the housing needs of the state on a level of government which is as close as possible to the people it serves is essential if workable housing programs are to be developed and implemented

41006. The Legislature finds and declares that a number of federal housing programs have failed to reach the fundamental goals and purposes for which they were established, especially in urban areas. In California, this failure has often been related to inadequate consideration of the relationship between housing and the community in which the housing is located.

It is the intent of the Legislature in enacting this division to seek to avoid such failures by providing a comprehensive and balanced approach to the solution of housing problems of very low income households and persons and families of low or moderate income in the state. It is further the intent of the Legislature to provide a program which gives consideration, not only to the production and financing of housing, but also to the social and aesthetic impact of such housing. A California housing program must consider the distribution throughout the state of such housing as may be assisted pursuant to this division, the avoidance of concentrations of very low income households, an emphasis on superior design including the scale and location of such housing, the preparation of communities and persons availing themselves of the program, and other factors which contribute to a decent living environment.

41007 The Legislature finds and declares that the large equities that the majority of California residents in most economic strata have now accumulated in single-family homes must be protected and conserved.

41008 Nothing in this division shall authorize the imposition of state controls on rents for housing units not financed pursuant to this division.”

**Amendment No. 14**

On page 13, line 39, strike out "part", and insert "division".

**Amendment No. 15**

On page 15, line 27, strike out "Any", and insert "In addition to the requirements of paragraphs (1) to (3), inclusive, any".

**Amendment No. 16**

On page 15, line 29, after "entity", insert "may be implemented".

**Amendment No. 17**

On page 15, line 32, after "rehabilitation", insert "or other".

**Amendment No. 17.5**

On page 18, strike out lines 24 to 32, inclusive.

**Amendment No. 18**

On page 21, line 9, after "in", insert "individual or".

**Amendment No. 19**

On page 21, strike out line 14, and insert "not included in a metropolitan area or a rural area."

**Amendment No. 20**

On page 22, between lines 9 and 10, insert

" "Persons and families of low or moderate income" includes persons and families of low, moderate, or middle income, as specified in Section 802 of the Housing and Community Development Act of 1974 (P L 93-383).

Income limitations established pursuant to this division for persons and families of moderate income shall not exceed 120 percent of area median income; provided, however, that persons and families with incomes over the area median income, but not exceeding 120 percent of the area median income, may be designated as persons and families of middle income for any purpose of this division to distinguish such persons and families from other persons and families of moderate income. Income limitations for persons and families of low income shall not exceed 80 percent of the area median income. However, the board and the department jointly, or either acting with the concurrence of the Secretary of the Business and Transportation Agency, may modify such income limitations, upon a determination that they are obsolete. Adjustments above or below such maximum income limitations shall be made to compensate for family size."

**Amendment No. 21**

On page 23, line 13, strike out "means", and insert "mean".

**Amendment No. 22**

On page 23, line 24, strike out "or"; strike out lines 25 to 27, inclusive, and insert " , metropolitan area or urban county, as such terms are defined by Section 102 of the Housing and Community Development Act of 1974 (P L 93-383)."

**Amendment No. 23**

On page 23, line 39, strike out "households", and insert "persons and families".

**Amendment No. 24**

On page 24, line 3, strike out "households", and insert "persons and families".

**Amendment No. 25**

On page 24, line 7, strike out "corporation", and insert "agency".

**Amendment No. 26**

On page 24, line 20, strike out "to the state", and insert "directly to state government or to the agency".

**Amendment No. 26.2**

On page 26, line 6, strike out "three", and insert "two".

**Amendment No. 26.5**

On page 26, strike out lines 8 and 9, and insert "(b) The Division of Research and Assistance."

**Amendment No. 27**

On page 28, line 20, strike out " , as adopted by the commission".

**Amendment No. 28**

On page 28, line 29, after "agencies", insert "and other agencies of the state".

**Amendment No. 29**

On page 28, strike out lines 32 to 34, inclusive, and insert "Research, it shall be referred by the commission, together with the commission's comments, to the Legislature for review, revision, and adoption as the California Statewide Housing Plan Upon enactment it shall serve as a state".

**Amendment No. 30**

On page 29, strike out lines 4 to 12, inclusive, and insert "analysis of nonmetropolitan and rural areas, as defined and designated by the Bureau of the Census of the United States Department of Commerce, rather than as defined in Sections 41054 and 41064, of each metropolitan area, and of each regional planning area designated by the State Office of Planning and Research or by the United States Department

of Housing and Urban Development The evaluation shall include an analysis of the existing distribution of housing by type, size, gross rent, value, and, to the extent data is available, condition, and of the existing distribution of".

**Amendment No. 31**

On page 29, line 14, strike out "county, area," and insert "area".

**Amendment No. 32**

On page 29, line 17, strike out "1974-75", and insert "1975-76".

**Amendment No. 33**

On page 29, strike out lines 20 to 29, inclusive, and insert "number of units necessary to be built or rehabilitated by July 1, 1980, in order to provide sufficient housing to house all residents of the state in standard, uncrowded units in suitable locations

(c) Goals for the provision of housing assistance for the 1975-76 fiscal year and projected four additional fiscal years ahead Such goals shall be established as the minimum number of households to be assisted which will result in achieving by July 1, 1980, a substantial reduction in the number of very low income households and other persons and families of low or moderate income constrained to pay more than 25 percent of their gross income for housing Income groups to be considered in establishing such goals shall be designated by the department and shall include households a significant number of which are required to pay more than 25 percent of their gross income for housing on the effective date of this section, as determined by the department "

**Amendment No. 34**

On page 30, line 2, after "commission", insert ", for review, comment, and submission to the Legislature,".

**Amendment No. 35**

On page 30, line 3, strike out "containing", and insert " Such revisions shall become effective 60 days after submission to the Legislature, unless the Legislature, by urgency statute, postpones or prevents the operation thereof However, the department may amend a revision of the plan after submission to the Legislature but prior to the expiration of such 60-day period, and in such case the revision as amended shall become effective 60 days after submission of such amendment to the Legislature, unless postponed or prevented by an act of the Legislature. Such annual revisions shall contain".

**Amendment No. 36**

On page 30, strike out lines 5 to 17, inclusive, and insert

"(a) A comparison of the housing goals for the preceding fiscal year with the amount of construction and rehabilitation achieved and housing assistance provided in such fiscal year.

(b) A revision of the minimum housing construction and rehabilitation goals specified in subdivision (b) of Section 41126 for the preceding fiscal year, including a revision of the projected goals required by Section 41126 for the current year and projected four additional fiscal years ahead

(c) A revision of the housing assistance goals specified in subdivision (c) of Section 41126 for the current year and projected four additional fiscal years ahead."

**Amendment No. 37**

On page 30, line 19, strike out "41125", and insert "41126".

**Amendment No. 38**

On page 30, line 27, strike out "for appropriate quantitative goals".

**Amendment No. 38.5**

On page 31, line 2, strike out "without charge".

**Amendment No. 39**

On page 31, line 12, strike out "environmental quality".

**Amendment No. 40**

On page 31, line 26, strike out "41132", and insert "41133".

**Amendment No. 41**

On page 31, line 30, strike out "41133", and insert "41134".

**Amendment No. 42**

On page 31, line 30, strike out "regulations", and insert "guidelines".

**Amendment No. 43**

On page 31, line 32, strike out "regulations", and insert "guidelines".

**Amendment No. 44**

On page 31, line 40, strike out "regulations", and insert "guidelines".

**Amendment No. 45**

On page 32, lines 3 and 4, strike out "rules and regulations", and insert "guidelines".

**Amendment No. 46**

On page 32, line 5, after "may", insert "in connection with any loan or grant application submitted to the agency".

**Amendment No. 47**

On page 32, line 7, strike out "Committee", and insert "Community".

**Amendment No. 48**

On page 32, line 13, strike out "shall", and insert "may".

**Amendment No. 48.5**

On page 32, line 37, after the period, insert "Such grants shall not be made with moneys derived from the sale of bonds"

**Amendment No. 49**

On page 33, line 6, after "paid", insert "by persons and families of low or moderate income".

**Amendment No. 50**

On page 33, line 8, after "designating", insert "broad".

**Amendment No. 51**

On page 33, strike out line 9, and insert "need on a statewide basis for housing construction or rehabilitation, as identified in the California Statewide Housing Plan, the".

**Amendment No. 52**

On page 33, lines 24 and 25, strike out "this division", and insert "Section 41512".

**Amendment No. 52.2**

On page 33, line 32, strike out "or staffing".

**Amendment No. 52.5**

On page 35, line 12, after the period, insert "Such grants may not be made with moneys derived from the sale of bonds"

**Amendment No. 53**

On page 35, line 13, after "may", insert "enter into agreements to".

**Amendment No. 54**

On page 35, line 15, strike out "carrying out", strike out line 16, and insert "the conduct of federal loan and grant programs for persons and families of low or moderate income in this state"

**Amendment No. 55**

On page 35, line 23, after the period, insert "However, in conducting subsidy programs pursuant to this section, the department shall not operate housing developments or engage in the purchase, lease, or sublease of housing developments"

**Amendment No. 55.5**

On page 35, line 25, strike out "or staffing".

**Amendment No. 56**

On page 35, line 35, after "program", insert "in cooperation with a local public entity".

**Amendment No. 57**

On page 35, line 40, strike out "land", and insert "real property".



**Amendment No. 57.1**

On page 36, strike out lines 2 and 3, and insert  
"41170 The department shall develop and, subject to specific authorization and appropriation by the Legislature or the availability of federal subsidies, implement".

**Amendment No. 57.2**

On page 36, line 6, after "households", insert "and persons and families of low or moderate income".

**Amendment No. 57.5**

On page 36, strike out lines 24 and 25, and insert "printed materials"

**Amendment No. 57.7**

On page 36, line 38, after "households", insert "and persons and families of low or moderate income"

**Amendment No. 58**

On page 37, line 5, after "suitable", insert a comma.

**Amendment No. 59**

On page 37, line 9, strike out "resources, and economic resources", and insert "resource planning, and economic resource planning".

**Amendment No. 60**

On page 37, line 21, after "members", insert a period.

**Amendments Nos. 61-64**

On page 37, strike out lines 22 to 40, inclusive, strike out page 38, and insert

"41201 The members shall be appointed by the Governor for four-year terms, subject to confirmation by the State Senate. Members in office on the effective date of this division shall continue to hold office until the expiration of their terms, unless removed pursuant to Section 41202 or any other provision of law.

The term of an appointment to fill any vacancy created prior to the expiration of a term shall be for the unexpired term only. Each member shall continue to hold office after the expiration of his term until a successor has been appointed and qualified.

41202 The Governor has power to remove from office at any time, any members of the commission for continued neglect of duties required by law, or for incompetence, or dishonorable conduct. Nothing in this section shall be construed as a limitation or restriction on the power of the Governor, conferred on him by any other provision of law, to remove any member of the commission.

41203 The chairman of the commission shall be designated by the Governor from among the members and shall serve as chairman at the pleasure of the Governor.

41204. Each commission member shall receive a per diem of twenty-five dollars (\$25) for each day actually spent in the discharge of official duties, and each shall be reimbursed for his traveling and other expenses necessarily incurred in the performance of his duties

41205 The commission shall meet quarterly and at such other times and places as the commission may designate, for the purpose of transacting its business. Special meetings may be held at such times as the commission may elect, or on the call of the chairman of the commission, or on call of not less than four members thereof. The written notice of the time, place and object of such special meeting shall be made by the secretary to all the members not parties to the call, at least 15 days before the day of the meeting

41206 The Director of Housing and Community Development shall serve as secretary of the commission and as such shall keep the minutes and records of all commission proceedings.

41207. The commission shall establish the policy for the Department of Housing and Community Development.

41208. The commission shall prepare and adopt such minimum standards regulating the use and application of cellular concrete as it determines are reasonably necessary for the protection of life and property."

**Amendment No. 65**

On page 39, line 1, strike out "41206", and insert "41209".

**Amendment No. 66**

On page 39, strike out lines 9 to 40, inclusive; strike out pages 40 and 41; and on page 42, strike out line 1

**Amendment No. 66.2**

On page 42, lines 12 and 13, strike out "a chairperson,"

**Amendment No. 66.5**

On page 42, line 16, strike out "and seven", and insert "six".

**Amendment No. 66.7**

On page 42, line 17, after "Governor", insert "one member appointed by the Speaker of the Assembly, and one member appointed by the Senate Rules Committee."

**Amendment No. 66.9**

On page 42, strike out line 20, and in line 21, strike out "Governor", and insert

"41302. Appointed members of the board".

**Amendment No. 67**

On page 42, line 23, strike out the second "it", and insert "is".

**Amendment No. 68**

On page 42, line 25, strike out "Of the members", strike out lines 26 to 40, inclusive; and on page 43, strike out lines 1 to 27, inclusive, and insert

"Members of the board appointed by the Speaker of the Assembly or by the Senate Rules Committee, shall not be current members of either house of the Legislature. The terms of members initially appointed by the Speaker of the Assembly and the Senate Rules Committee shall be four years.

Four members of the board appointed by the Governor shall be persons with any of the qualifications described in the following subdivisions.

(a) An elected official of a city or county engaged in the planning or implementation of a housing, housing-assistance, redevelopment, or housing-rehabilitation program

(b) Experienced in residential real estate in the savings and loan or mortgage banking or commercial banking industry

(c) A builder of residential housing

(d) Experienced in organized labor of the residential construction industry

(e) Experienced in the management of rental housing occupied by lower income households

The terms of such members initially appointed by the Governor shall be two years with respect to the first two appointments and six years with respect to the other two appointments

The members of the board appointed by the Governor shall be tenants living in rental housing financed by the agency or experienced in counseling, assisting, or representing tenants. The terms of such members initially appointed shall be six years for first appointed and two years for the other member. Successors to such initially appointed members shall be tenants living in rental housing financed by the agency, if any exists.

The term of any member of the board appointed to serve subsequent to the expiration of the initial term prescribed by this section shall be six years. Any person appointed to fill a vacancy on the board shall serve only for the remainder of the unexpired term. Subject to continued qualification, any member of the board shall be eligible for reappointment."

**Amendments Nos. 69-76**

On page 44, line 15, strike out "No", and insert "Except for a member acting in his capacity as a governmental official, no"

**Amendment No. 77**

On page 44, line 34, strike out the second "of", and insert "or".

**Amendment No. 78**

On page 45, line 14, strike out "43106", and insert "41306".

**Amendment No. 79**

On page 45, strike out lines 16 to 27, inclusive, and insert "41307. The Governor shall appoint a chairperson from among board members, who shall, when present, preside at meetings of the board."

**Amendment No. 79.5**

On page 46, lines 4 and 5, strike out " , other than the chairperson,".

**Amendment No. 80**

On page 46, line 15, strike out "The appointment of principal staff members,"; and strike out lines 16 and 17.

**Amendment No. 81**

On page 46, line 28, after "11040", insert "of the Government Code".

**Amendment No. 81.5**

On page 46, between lines 32 and 33, insert "41311.5 The executive secretary of the Housing Bond Credit Committee created pursuant to Section 41707 shall serve as the executive vice president of the agency and in such capacity shall be directly responsible to the president. The executive vice president shall provide liaison between the agency and the Housing Bond Credit Committee and shall perform such other duties as may be required by the president or the board. The agency shall reimburse the Housing Bond Credit Committee for any compensation paid by the committee to the executive secretary."

**Amendment No. 82**

On page 46, line 33, after "shall", insert " , in consultation with the Secretary of the Business and Transportation Agency,".

**Amendment No. 83**

On page 46, lines 39 and 40, strike out "chairperson and the president acting jointly," and insert "president".

**Amendment No. 83.5**

On page 47, strike out lines 2 to 4, inclusive, and insert "41314. The principal offices of the agency shall be located in the City of Sacramento."

**Amendment No. 84**

On page 47, strike out line 9, and in line 10, strike out "and", and insert "meet the housing needs of persons and families of low or moderate income.

41332. In addition to its primary purpose, the agency shall also seek to attain the following:

(a) Housing developments which meet the housing needs of very low income households by providing that,".

**Amendment No. 85**

On page 47, line 11, strike out "financed by the agency", and insert "within housing developments".

**Amendment No. 86**

On page 47, line 18, strike out "(a)", and insert "(1)".

**Amendment No. 87**

On page 47, line 26, strike out "(b)", and insert "(2)".

**Amendment No. 88**

On page 47, line 30, after "units", insert "specified in paragraph (1) which are".

**Amendment No. 89**

On page 47, strike out lines 32 and 33, and in line 34, strike out "(a)", and insert "(b)".

**Amendment No. 90**

On page 47, line 40, strike out "(b)", and insert "(e)".

**Amendment No. 91**

On page 48, line 4, strike out "(c)", and insert "(d)".

**Amendment No. 92**

On page 48, line 11, strike out "(d)", and insert "(e)".

**Amendment No. 93**

On page 48, line 18, strike out "(e)", and insert "(f)".

**Amendment No. 94**

On page 48, line 19, after "rural", insert "housing".

**Amendment No. 95**

On page 48, line 23, strike out "(f)", and insert "(g)".

**Amendment No. 96**

On page 48, line 28, strike out "(g)", and insert "(h)".

**Amendment No. 97**

On page 48, line 31, strike out "(h)", and insert "(i)".

**Amendment No. 98**

On page 48, line 38, after "agency", insert "or any local public entity".

**Amendment No. 99**

On page 51, strike out lines 16 and 17, and insert "be fiscally self-sufficient and so as not to require appropriations from the General Fund for payment of its administrative costs.

41337 No development or construction loan shall be made pursuant to this part if the agency determines that the making of such a loan would result in the permanent loss of a subsidy or a reduction in future subsidies due to the failure of the agency to use currently available subsidies.

41338 Loans made pursuant to this part to limited-dividend housing sponsors, nonprofit housing sponsors, local public entities, or other sponsors of rental housing developments shall not exceed 95 percent of the development costs of the housing development for which the loan is made. However, such a loan made to a nonprofit housing sponsor may be for not more than 98 percent of development costs if the nonprofit housing sponsor has, or will, participate in the housing development with another housing sponsor which has a substantial past record of successful residential development and not more than 25 percent of the units in such housing development will be occupied by low-income, nonelderly households."

**Amendment No. 100**

On page 51, line 22, after "Treasury", insert a period

**Amendment No. 100.2**

On page 51, strike out lines 25 to 40, inclusive, and on page 52, strike out line 1.

**Amendment No. 100.5**

On page 52, strike out lines 2 and 3, and insert "All moneys".

**Amendment No. 100.7**

On page 53, line 4, strike out "All interest or other increment", strike out lines 5 to 13, inclusive, and insert "The agency may direct the State Treasurer to deposit moneys in interest-bearing accounts in state or national banks or savings and loan associations having principal offices in this state. To the extent public deposits are permitted by law in

savings and loan associations, the agency shall direct the State Treasurer to make such deposits based on the agency's allocations of moneys between banks and savings and loan associations. Such deposits shall be made in a manner approximating the relative extent of their participation as qualified mortgage lenders. However, such allocations shall not be required to the extent that they would result in receipt by the agency of a deposit interest rate that is lower than the highest interest rate available from another institution qualified to receive such deposits. The agency may alternatively require the transfer of moneys in the fund to the Surplus Money Investment Fund for investment pursuant to Article 4 (commencing with Section 16470) of Chapter 3, Part 2, Division 4, Title 2 of the Government Code.

All interest or other increment resulting from such investment or deposit shall be deposited in the fund, notwithstanding Section 16305 7 of the Government Code. Moneys in the fund shall not be subject to transfer to any other fund pursuant to any provision of Part 2 (commencing with Section 16300) of Division 4 of Title 2 of the Government Code, excepting the Surplus Money Investment Fund."

**Amendment No. 100.9**

On page 54, line 14, after "service", insert "or retire".

**Amendment No. 101**

On page 54, line 26, strike out the semicolon and insert a colon.

**Amendments Nos. 102 and 103**

On page 55, line 32, after "(j)", insert "To determine the terms and conditions of any mortgage instrument, deed of trust, or promissory note used or executed in conjunction with the financing of any housing development.

(k)".

**Amendment No. 104**

On page 55, line 37, strike out "(k)", and insert "(l)".

**Amendment No. 105**

On page 55, line 40, strike out "(l)", and insert "(m)".

**Amendment No. 106**

On page 56, line 4, strike out "(m)", and insert "(n)".

**Amendment No. 107**

On page 56, line 7, strike out "(n)", and insert "(o)".

**Amendment No. 108**

On page 56, line 9, strike out "(o)", and insert "(p)".

**Amendment No. 109**

On page 56, line 12, strike out "(p)", and insert "(q)".

**Amendment No. 110**

On page 56, line 31, after "state", insert "which will inure primarily to the benefit of persons and families of low or moderate income"

**Amendment No. 111**

On page 57, line 2, strike out "or advances".

**Amendment No. 112**

On page 57, line 26, after the period, insert "With respect to housing developments, the agency shall require that mortgage servicing and foreclosure practices, including forbearance and recasting of mortgages in default, conform to agency regulations"

**Amendment No. 113**

On page 58, line 4, after "may", insert ", for services performed,".

**Amendment No. 114**

On page 58, line 21, strike out "may", and insert "which shall".

**Amendment No. 115**

On page 58, line 23, after the period, insert "The criteria shall take into account the differences between private and public institutions qualifying as housing sponsors and qualified mortgage lenders"

**Amendment No. 116**

On page 59, line 6, strike out "sales", and insert "sale".

**Amendment No. 116.5**

On page 59, line 16, after the period, insert "Grants authorized by this section shall not be made with moneys derived from the sale of bonds"

**Amendment No. 117**

On page 59, strike out lines 35 and 36, and insert "tenant to an impartial hearing and decision pursuant to regulations of the agency if a request for such a hearing is made to the landlord in writing within the period specified in Section 1946 of the Civil Code or Section 1161 of the Code of Civil Procedure, as the case may be"

**Amendment No. 118**

On page 59, lines 38 and 39, strike out "or Section 1161 of the Civil Code", and insert "of the Civil Code or Section 1161 of the Code of Civil Procedure".

**Amendment No. 119**

On page 60, line 2, after "held", insert "and a decision rendered".



**Amendment No. 120**

On page 60, line 19, strike out "Upon transfer of title of a new"; strike out lines 20 to 22, inclusive, and insert

"41401 5 The agency may require a warranty on new or substantially rehabilitated housing developments if such available with insurance coverage offered by an insurer admitted to do business in this state. The cost of the warranty may be financed within the construction or mortgage loan."

**Amendment No. 121**

On page 60, line 23, strike out "granting", and insert "authorizing".

**Amendment No. 122**

On page 60, strike out line 40; and on page 61, strike out lines 1 to 7, inclusive, and insert

"(e) Require that the loan bear below-market interest, except as otherwise provided in Chapter 6 (commencing with Section 41550) of this part

(f) Require, notwithstanding Section 1916 5 of the Civil Code, that a mortgage payment schedule at market interest be substituted for an original payment schedule at below-market interest, when the borrower or a subsequent purchaser ceases to be a person or family of low or moderate income and that additional payments of interest resulting therefrom be forwarded to the agency. The agency may waive the requirement of this subdivision when necessary to permit participation in federal mortgage insurance, guaranteed, or purchase programs "

**Amendment No. 122.5**

On page 61, strike out line 31, and insert "housing sponsors or persons and families of low or moderate income,"

**Amendment No. 123**

On page 62, strike out lines 3 and 4, and in line 5, strike out "chapter, may make," and insert

"41450 Subject to the limitations prescribed by Article 4 (commencing with Section 41475) of this chapter, the agency may make, or".

**Amendment No. 124**

On page 63, strike out lines 5 to 10, inclusive, and insert

"41456 The agency may invest in, purchase, or make commitments to purchase any obligation secured by a mortgage or participation therein, and sell such obligations or create pools of such obligations held by the agency and issue and sell securities backed by".

**Amendment No. 125**

On page 63, lines 33 and 34, strike out "to construct or rehabilitate", and insert "and mortgage loans for the purpose of financing".

**Amendment No. 125.5**

On page 63, line 34, after "developments", insert ", as defined in Section 41043".

**Amendment No. 126**

On page 63, line 38, after "finance", insert "housing developments."

**Amendment No. 127**

On page 64, between lines 4 and 5, insert

"41468. Loans shall not be made by the agency to a qualified mortgage lender under the provisions of this article, except pursuant to an agreement between the agency and the qualified mortgage lender. Such agreements shall include the following:

(a) A maximum interest rate that can be charged for construction loans or mortgage loans.

(b) A recital of the requirements of loans for housing developments authorized by this part.

(c) Standards for mortgage-servicing and foreclosure practices, including programs of forbearance and recasting for mortgages in default."

**Amendment No. 128**

On page 64, line 5, strike out "41468", and insert "41469".

**Amendment No. 129**

On page 64, line 35, after "developments", insert "without the participation of a qualified mortgage lender".

**Amendment No. 130**

On page 65, strike out line 17; and in line 18, strike out "market rents as is", and insert "affordable rents to the extent".

**Amendment No. 131**

On page 65, line 21, strike out "41481", and insert "41482".

**Amendment No. 132**

On page 65, line 26, after the period, insert "No housing sponsor shall increase the rent charged on any assisted rental unit without the prior permission of the agency, which shall be given only if the housing sponsor affirmatively demonstrates that such increase is necessary to defray increased operating costs or avoid jeopardizing the fiscal integrity of the housing development. Prior notice of any rent increase shall be given in writing as required by Section 1946 of the Civil Code. Prior to the time any rent increase is effective the housing sponsor shall notify every affected tenant, in writing, of informal meetings with the housing sponsor to review the proposed rent increase."

**Amendment No. 132.5**

On page 65, line 35, after the period, insert "However, there shall be no entry or inspection of occupied units without reasonable notice."

**Amendment No. 133**

On page 66, line 21, strike out "or cooperative".

**Amendment No. 134**

On page 67, line 13, strike out "shall", and insert "may".

**Amendment No. 135**

On page 67, line 15, strike out ", except that the"; strike out lines 16 and 17, and insert ". Such".

**Amendment No. 136**

On page 68, line 30, after "sold", insert "or transferred".

**Amendment No. 137**

On page 68, strike out line 38; and in line 39, strike out "severe housing needs", and insert "the state, as identified by the California Statewide Housing Plan".

**Amendment No. 138**

On page 69, strike out lines 13 to 40, inclusive; and on page 70, strike out lines 1 to 16, inclusive, and insert

"41496 Subject to the availability of sufficient subsidies, not less than 30 percent of the total units receiving mortgage loans pursuant to this part during each fiscal year shall be made available on a priority basis to very low income households. Subject to the availability of sufficient subsidies, not less than 20 percent of the units in each housing development shall be made available on a priority basis to very low income households, except that such requirement shall not apply to housing developments of less than 12 units where the agency finds it is not necessary to make units available in the development for very low income households to meet the requirement of making 30 percent of such total units available to very low income households. Units required to be made available on a priority basis pursuant to this section, shall be offered exclusively to those within the priority group unless or until the agency permits the unit to be offered to other potential occupant groups.

41497 If at any time, the number of units in housing developments available to very low income households falls below 20 percent of the total units in housing developments, the agency shall immediately notify the Governor, the Speaker of the Assembly, and the Senate Rules Committee and shall recommend such legislation or other action as may be required to make at least 20 percent of the units so available.

41498 At the time a mortgage loan commitment is made to finance any rental housing development, a written agreement between the agency and housing sponsor shall be executed, designating the number

of units to be made available on a priority basis within such housing development to very low income households, to persons and families of low or moderate income, and to other households. If the number of units occupied by very low income households in any housing development ever falls below the number agreed to by the agency and housing sponsor, then units which become available for occupancy shall, subject to available subsidies be made available on a priority basis to very low income households until the number of units so occupied equals at least the number specified in the agreement. The agency may from time to time review agreements designating the allocation of units and, subject to agreement with the housing sponsor, may increase the number of units to be made available to very low income households if consistent with maintenance of the financial integrity of the housing development and continuance of permitted earnings distributions, or may establish minimum rents or minimum incomes for occupancy of units becoming vacant and not otherwise allocated to very low income households if necessary to the financial integrity of the housing development and continuance of permitted earnings distributions.

41499 Nothing in this part shall require the agency to allocate more than 25 percent of the units in any single housing development to very low income households, except housing designed for occupancy by elderly or handicapped households or housing developments of 12 units or less, with respect to which the board finds it necessary for the purposes of this division that such proportion be exceeded.

41500. Not less than 30 percent nor more than 40 percent of the units financed by the agency during each fiscal year for very low income households shall be designed specifically for occupancy by elderly or handicapped persons."

**Amendment No. 139**

On page 70, line 17, strike out "41497", and insert "41501".

**Amendment No. 140**

On page 70, line 27, strike out "41498", and insert "41502".

**Amendment No. 141**

On page 70, line 29, after "develop", insert ", pursuant to regulations of the agency,".

**Amendment No. 142**

On page 70, line 31, strike out "public action", and insert "a housing development, public action,".

**Amendment No. 143**

On page 71, line 16, strike out "state"; strike out line 17, and in line 18, strike out "contrary", and insert "law".

**Amendment No. 144**

On page 72, line 3, strike out "consist", and insert "consists".

**Amendment No. 145**

On page 72, line 6, after "loans", insert "or grants".

**Amendment No. 145.1**

On page 72, line 21, strike out "racial", and insert "nondiscriminatory".

**Amendment No. 145.2**

On page 72, line 35, after "shall", insert "whenever possible".

**Amendment No. 146**

On page 73, line 17, strike out "or, in the", strike out lines 18 to 22, inclusive, and insert "the department may decertify the local housing agent Certification of the local housing agent shall be reviewed annually by the agency Recertification shall not be granted if the department finds that, during the preceding year, the local housing agent has unreasonably denied approval of applications or has ceased to perform its functions under subdivision (a) "

**Amendment No. 146.5**

On page 73, line 37, strike out "agency's", and insert "board's".

**Amendment No. 147**

On page 74, strike out lines 1 and 2, and insert  
"CHAPTER 6 REHABILITATION".

**Amendment No. 148**

On page 74, line 6, strike out "and historic preservation", and insert "refinancing, and financing of housing developments".

**Amendment No. 149**

On page 74, line 7, strike out "Upon", and insert  
"41551 Upon".

**Amendment No. 149.5**

On page 74, line 15, strike out "or historic preservation".

**Amendment No. 150**

On page 74, line 26, strike out "tree planting", and insert "landscaping and acquisition of open space".

**Amendment No. 151**

On page 75, line 10, strike out "sets", and insert "set".

**Amendment No. 152**

On page 75, line 11, after "building", insert "and housing".

**Amendment No. 153**

On page 75, line 24, strike out "41551", and insert  
"41552".

**Amendment No. 154**

On page 75, line 25, strike out "department", and insert "agency".

**Amendment No. 155**

On page 75, line 29, strike out "37930", and insert "(37930)".

**Amendment No. 156**

On page 75, line 32, strike out "41552 or 41553", and insert "41553 or 41554".

**Amendment No. 157**

On page 75, line 36, strike out "41552 or 41553", and insert "41553 or 41554".

**Amendment No. 158**

On page 75, line 38, strike out "41552", and insert "41553".

**Amendment No. 159**

On page 76, line 10, after "developments", insert ", with interest rates based on income The highest interest rate shall be market interest".

**Amendment No. 160**

On page 76, line 16, after the period, insert "The terms and interest rates of such loans shall be commensurate with ability to pay, as established by regulations of the agency "

**Amendment No. 161**

On page 76, strike out lines 17 to 26, inclusive, and insert "(e) A program of market-interest rehabilitation loans provided through an agreement with a qualified mortgage lender under which the mortgage lender supplies 75 percent of the funds for each rehabilitation loan

Rehabilitation loans provided under this section may be made at market interest to persons or families other than persons and families of low or moderate income if financing at market interest is not otherwise available "

**Amendment No. 162**

On page 76, line 27, strike out "41553", and insert "41554".

**Amendment No. 163**

On page 76, line 39, strike out "for", and insert "forth".

**Amendment No. 163.5**

On page 76, line 39, strike out "41550", and insert "41551".

**Amendment No. 164**

On page 76, line 39, strike out "With", strike out line 40; and on page 77, strike out lines 1 to 5, inclusive, and insert "Housing sponsors receiving mortgage loans pursuant to this section shall be subject to supervision and regulation pursuant to Article 5 (commencing with Section 41480) of Chapter 5 of this part With respect to rehabilitation loans, the agency shall require that borrowers contract during the term of the loan not to raise rentals over an amount which the agency by regulation establishes will yield a fair rate of return and will allow for increases reasonably necessary to provide and continue proper maintenance of the property Market-interest rehabilitation loans may be made for residential structures, other than housing developments, if financing at market interest is not otherwise available Market-interest rehabilitation loans may be provided through an agreement with a qualified mortgage lender, under which the mortgage lender supplies 75 percent of the funds for each rehabilitation loan "

**Amendment No. 165**

On page 77, line 6, strike out "41554", and insert "41555".

**Amendment No. 166**

On page 77, line 16, strike out "41555", and insert "41556".

**Amendment No. 167**

On page 78, line 1, strike out "41556", and insert "41557".

**Amendment No. 168**

On page 78, line 3, strike out "housing sponsors", and insert "purchasers of residential structures".

**Amendment No. 169**

On page 78, lines 4 and 5, strike out "by the local public entity", and insert "for".

**Amendment No. 170**

On page 78, line 6, after "program", insert "by the local public entity".

**Amendments Nos. 171-175**

On page 78, strike out lines 7 to 17, inclusive.

**Amendment No. 176**

On page 78, line 19, strike out "rehabilitation assistance for", and insert "funds for mortgage loans for rehabilitation of housing developments as required in".

**Amendment No. 177**

On page 78, line 21, after "local", insert "building and".

**Amendment No. 178**

On page 80, line 11, after "of", insert ", or a subsidiary of a member of,".

**Amendment No. 179**

On page 80, line 15, after "a", insert "bond".

**Amendment No. 180**

On page 83, line 3, strike out "Treasure", and insert "Treasurer".

**Amendment No. 180.1**

On page 83, line 3, strike out "chairperson,"; strike out lines 4 and 5, and insert "president, and an executive secretary. The executive secretary shall be appointed by the other four members of the committee from among two or more nominees submitted by the board, and shall serve during the pleasure of the committee. The executive secretary shall serve in a full-time capacity. The executive secretary shall aid the committee in the performance of its duties under this chapter, as directed by the committee, and shall perform the functions specified in Section 41311.5. The members of the committee other than the executive secretary shall serve on the committee without compensation. A majority shall be".

**Amendment No. 180.2**

On page 83, line 17, strike out "corporation", and insert "agency".

**Amendment No. 181**

On page 88, line 35, strike out "SEC. 11", and insert "SEC. 9".

**Amendment No. 182**

On page 89, line 16, strike out "SEC. 12", and insert "SEC. 10".

**Amendment No. 183**

On page 89, line 17, strike out "11", and insert "9".

**Amendment No. 184**

On page 90, strike out lines 5 to 20, inclusive.

Bill ordered reprinted, and to be re-referred to the Committee on Housing and Community Development.

**ADJOURNMENT**

At 6 45 p.m. Speaker pro Tempore Papan declared the Assembly adjourned until 9 a.m., Wednesday, March 19, 1975.

LEO T. MCCARTHY, Speaker

ANABEL FLEURY, Minute Clerk



## CALIFORNIA LEGISLATURE

1975-76 FIRST EXTRAORDINARY SESSION

**ASSEMBLY DAILY JOURNAL**

Nineteenth Legislative Day

Thirty-first Calendar Day

**IN ASSEMBLY**Assembly Chamber, Sacramento  
Wednesday, March 19, 1975

The Assembly met at 10 44 a. m.

Hon. Louis J. Papan, Speaker pro Tempore of the Assembly, presiding

Chief Clerk James D. Driscoll at the Desk.

Assistant Clerk Ray Monday reading.

**ROLL CALL**

The roll was called, and the following answered to their names—79.

Altoire	Collier	Knox	Priolo
Antonovich	Craven	Lancaster	Ralph
Atnett	Cullen	Lantelman	Robinson
Bailham	Davis	Lewis	Rosenthal
Bane	Deddeh	Lockyer	Siegler
Bannini	Dixon	MacDonald	Sietoty
Beiman	Duffy	Maddy	Suitt
Beverly	Egeland	McAlister	Thomas, Vincent
Boatwright	Fenton	McLennan	Thomas, William
Biggs	Foran	McVittie	Thuman
Brown	Garamendi	Meade	Tories
Burke	Goggin	Miller	Tucker
Calvo	Greene, Leroy F.	Mobley	Vasconcellos
Campbell	Gualco	Montoya	Vicencia
Carpenter	Hart	Mori	Warren
Chacon	Hayden	Murphy	Wilson
Chappie	Ingalls	Nestande	Wortman
Chel	Kapiloff	Nimmo	Z'berg
Chimhole	Keene	Papan	Mt. Speaker
Cline	Keyser	Perino	

Quorum present.

**REGULAR BUSINESS DISPENSED WITH**

By unanimous consent, the regular order of business of the Assembly was dispensed with for this legislative day.

**LEAVES OF ABSENCE FOR THE DAY**

The following Member was excused for the day, and his per diem was waived:

Mr Bill Greene.

**RECESS**

At 10:50 a.m., Speaker pro Tempore Papan declared the Assembly recessed until 2:46 p.m.

**REASSEMBLED**

At 2:46 p.m., the Assembly reconvened.

Hon. Louis J. Papan, Speaker pro Tempore of the Assembly, presiding.

**ADJOURNMENT**

At 2:50 p.m., Speaker pro Tempore Papan declared the Assembly adjourned until 1:30 p.m., Thursday, March 20, 1975.

LEO T. McCARTHY, Speaker

ANABEL FLEURY, Minute Clerk

## CALIFORNIA LEGISLATURE

1975-76 FIRST EXTRAORDINARY SESSION

**ASSEMBLY DAILY JOURNAL**

Twentieth Legislative Day

Thirty-second Calendar Day

**IN ASSEMBLY**Assembly Chamber, Sacramento  
Thursday, March 20, 1975

The Assembly met at 4 15 p m

Hon Leo T McCarthy, Speaker of the Assembly, presiding.

Chief Clerk James D Driscoll at the Desk

Assistant Clerk Ray Monday reading

**ROLL CALL**

The roll was called, and the following answered to their names—79.

Alatoire	Collier	Keyson	Priolo
Antonovich	Craven	Knox	Ralph
Arnett	Cullen	Laweaster	Robinson
Badham	Davis	Lauterman	Rosenthal
Bane	Deddeh	Lewis	Siegler
Banna	Dixon	Loekyer	Sietoty
Berman	Duffy	MacDonald	Smith
Beverly	Egeland	Maddy	Thomas Vincent
Bontwright	Fenton	McAlister	Thomas William
Briggs	Foran	McLennan	Thurnau
Brown	Garamendi	McVitte	Tories
Bulke	Goggin	Meade	Tucker
Calvo	Greene, Bill	Miller	Vasconcellos
Campbell	Greene, Leroy F	Mobley	Vieucia
Carpenter	Gualco	Montoya	Warren
Chacon	Hart	Mori	Wilson
Chappe	Hayden	Murphy	Wornum
Chel	Ingalls	Nestande	Zberg
Chimbole	Kaploff	Papan	Mr Speaker
Chne	Keene	Perino	

Quorum present.

**PRAYER**

The following prayer was offered by the Chaplain, Father Leo McAllister:

*Lord, Give to each of us and especially to those in positions of leadership, the courage to go ahead without asking whether others are following or even understand Save us from the immobilizing desire always to escape criticism or ridicule Comfort and strengthen us in the loneliness of true leadership with the strength which You alone can give.*

You have not guaranteed us recompense in this life, but only peace of soul in knowing that we are doing what is right That in itself is recompense enough —AMEN

**PLEDGE OF ALLEGIANCE TO THE FLAG**

Upon request of Speaker pro Tempore Papan, Mr Badham then led the Assembly in the pledge of allegiance to the Flag.

**MOTION TO DISPENSE WITH READING OF THE JOURNAL**

Further reading of the Journal of the previous legislative day was dispensed with on motion of Mr Beverly, seconded by Mr Knox

**LEAVES OF ABSENCE FOR THE DAY**

The following Member was granted leave of absence for the day, on personal business, and desired to waive his per diem.

Mr. Nimmo, on request of Speaker McCarthy.

**REPORTS OF STANDING COMMITTEES****Committee on Housing and Community Development**

Assembly Chamber, March 20, 1975

Mr Speaker Your Committee on Housing and Community Development reports.

**AB No 1**

With amendments with the recommendation Amend, do pass, as amended, and be re-referred to the Committee on Ways and Means

CHACON, Chairman

**REQUEST FOR UNANIMOUS CONSENT TO TAKE UP  
ASSEMBLY BILL NO. 1**

Mr Chacon was granted unanimous consent to take up Assembly Bill No 1, without reference to file, for the purpose of reading the bill a second time and adopting the committee amendments at this time

**Second Reading of Assembly Bill No. 1 by Unanimous Consent**

**Assembly Bill No. 1**—An act to add Division 31 (commencing with Section 41000) to, and to repeal Part 8 (commencing with Section 37000) of Division 24 of, the Health and Safety Code, and to repeal Section 8 of Chapter 1222 of the Statutes of 1965, relating to housing, and making an appropriation therefor.

Bill read second time.

**Consideration of Committee Amendments**

The following amendments, proposed by the Committee on Housing and Community Development, were read, and adopted.

**Amendment No. 1**

On page 13, line 3, strike out the word "state".

**Amendment No. 2**

On page 15, line 20, strike out "(4)".

**Amendment No. 3**

On page 31, strike out lines 19 to 32, inclusive, and insert "41127 The department shall annually update and provide to the commission, for review, comment, and submission to the Legislature, a revision of the California Statewide Housing Plan. Such proposed revisions shall become effective upon enactment by the Legislature. Annual revisions proposed by the department shall contain the following".

**Amendment No. 4**

On page 37, line 31, strike out "state", and insert "state which will inure primarily to the benefit of persons and families of low or moderate income."

**Amendment No. 5**

On page 42, line 11, strike out "twenty-five dollars (\$25)", and insert "seventy-five dollars (\$75)".

**Amendment No. 6**

On page 48, line 16, strike out "The", and insert "Two additional"

**Amendment No. 7**

On page 50, line 37, strike out "appoint", and insert "elect".

**Amendment No. 8**

On page 51, line 9, strike out "the chairperson and".

**Amendment No. 9**

On page 51, line 11, strike out "amounts", and insert "amount".

**Amendment No. 10**

On page 51, line 11, strike out "are", and insert "is".

**Amendment No. 11**

On page 51, line 12, strike out "persons", and insert "a person".

**Amendment No. 12**

On page 53, line 2, strike out "within", and on page 53, line 3, strike out "housing developments", and insert "financed by the agency".

**Amendment No. 13**

On page 53, line 39, strike out "minority", and insert "minorities of low income".

**Amendment No. 14**

On page 54, between lines 29 and 30, insert  
“(j) Promoting the recovery and growth of economically depressed businesses located in areas of minority concentration and in mortgage deficient areas.”

**Amendment No. 15**

On page 56, line 28, after “programs”, insert “which shall be at not less than the federal affirmative action standards unless the board makes a specific finding that the requirement would be unworkable”.

**Amendment No. 16**

On page 56, line 30, after “participation”, insert “in all projects”

**Amendment No. 17**

On page 56, line 33, after the word “developments”, insert “In areas of minority concentration the agency shall require significant participation of minorities in the construction, planning, financing, and management of housing developments”

**Amendment No. 18**

On page 57, line 27, strike out “if”, and insert “unless”.

**Amendment No. 19**

On page 57, line 31, after the word “and”, insert “not less than 20 percent and”.

**Amendment No. 20**

On page 57 line 38, strike out “The agency shall”, and on page 57, strike out lines 39 and 40.

**Amendment No. 21**

On page 58, strike out lines 20 to 24, inclusive and insert  
“Construction loan funds may be transferred to the construction lender as necessary to meet draws for progress payments”

**Amendment No. 22**

On page 61, line 8, after the word “efforts”, insert “The agency shall specifically include in its report on affirmative action goals, statistical data on the numbers and percentages of minority sponsors, developers, contractors, subcontractors, suppliers, architects, engineers, attorneys, mortgage bankers or other lenders, insurance agents and managing agents”

**Amendment No. 23**

On page 63, line 35, after “may”, insert “enter into agreements to”.

**Amendment No. 24**

On page 63, line 37, strike out “for the purpose of assisting”; and on page 63, line 38, strike out “such agency”.

**Amendment No. 25**

On page 67, between lines 35 and 36, insert  
“(e) Notwithstanding subdivisions (b) and (c), the right to an impartial hearing shall not vest unless

(1) The landlord fails or refuses to pay into escrow rent previously paid by the tenant under protest of its not being owing, or

(2) The tenant pays into escrow the rent, if any, claimed by the landlord to be due and owing, including rent for the two-week hearing period.”

**Amendment No. 26**

On page 68, strike out lines 8 to 13 inclusive.

**Amendment No. 27**

On page 72, line 18, after the word “of”, insert “Article 1 (commencing with Section 41450),”.

**Amendment No. 28**

On page 82, line 19, strike out “99”, and insert “55”.

**Amendment No. 29**

On page 84, line 19, strike out “agency.”, and insert “department.”

**Amendment No. 30**

On page 95, strike out lines 2 to 27, inclusive.

Bill ordered reprinted, and to be re-referred to the Committee on Ways and Means.

**ADJOURNMENT**

Pursuant to the provisions of Joint Rule 51, at 4.16 p m, Speaker McCarthy declared the Assembly adjourned until 10 a.m., Monday, March 31, 1975.

LEO T. McCARTHY, Speaker

ANABEL FLEURY, Minute Clerk





## CALIFORNIA LEGISLATURE

1975-76 FIRST EXTRAORDINARY SESSION

**ASSEMBLY DAILY JOURNAL**

Twenty-first Legislative Day

Forty-third Calendar Day

**IN ASSEMBLY**Assembly Chamber, Sacramento  
Monday, March 31, 1975

The Assembly met at 10 59 a m.

Hon Leo T McCarthy, Speaker of the Assembly, presiding.

Chief Clerk James D Driscoll at the Desk

Assistant Clerk Ray Monday reading

**ROLL CALL**

The roll was called, and the following answered to their names—76:

Alatorre	Collier	Keene	Papan
Antonovich	Craven	Keyser	Perino
Arnett	Callen	Knox	Priolo
Badham	Davis	Launcester	Ralph
Bane	Deddeh	Lauterman	Robinson
Bannan	Dixon	Lewis	Rosenthal
Berman	Duffy	Lockyer	Siegler
Beverly	Egeland	MacDonald	Sieroty
Boatwright	Fenton	Maddy	Suitt
Briggs	Foran	McAlister	Thurman
Buike	Garamendi	McLennan	Torres
Calvo	Goggin	Mende	Tucket
Campbell	Greene Bill	Miller	Vasconcellos
Carpenter	Greene, Leroy F	Mobley	Vicencia
Chacon	Gualco	Montoya	Warren
Chappie	Hart	Mori	Wilson
Chel	Hayden	Murphy	Wornum
Cbimbole	Ingalls	Nestande	Zberg
Cline	Kaploff	Nimmo	Mr Speaker

Quorum present

**PRAYER**

Upon invitation of Speaker McCarthy, the following prayer was offered by the Honorable Wadie P Deddeh, Member of the Assembly, 80th District

*Heavenly Father, Give us the wisdom to recognize our weaknesses, the vision to see our shortcomings, teach us, O Lord, to be humble and help us so that we may serve the good people of this state with honor and distinction —AMEN.*

### PLEDGE OF ALLEGIANCE TO THE FLAG

Upon request of Speaker McCarthy, Mr Robinson then led the Assembly in the pledge of allegiance to the Flag

### READING OF THE JOURNAL DISPENSED WITH

By unanimous consent, further reading of the Journal of the previous legislative day was dispensed with

### LEAVES OF ABSENCE FOR THE DAY

The following Member was granted leave of absence for the day, because of illness:

Mr. Vincent Thomas, on request of Speaker McCarthy.

The following Members were granted leaves of absence for the day, on personal business, and desired to waive their per diem:

Mr McVittie, on request of Speaker McCarthy

Mr Bill Thomas, on request of Speaker McCarthy.

The following Member was excused for the day, and his per diem was waived:

Mr. Brown.

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NOTE: For letter explaining the absence of Mr Bill Thomas on this day, see Assembly Daily Journal for this day for the Regular Session.

### COMMUNICATIONS

Assembly Chamber, March 31, 1975

Mr Speaker. Pursuant to your instructions, the Chief Clerk has examined:

AB No. 1

And reports the same correctly engrossed.

JAMES D. DRISCOLL, Chief Clerk

Above bill re-referred to committee.

### RECESS

At 11 a m, Speaker McCarthy declared the Assembly recessed until 3 01 p m.

### REASSEMBLED

At 3 01 p m., the Assembly reconvened

Hon Leo T. McCarthy, Speaker of the Assembly, presiding

### ADJOURNMENT

At 3:02 p m, Speaker McCarthy declared the Assembly adjourned until 9 a m, Tuesday, April 1, 1975.

LEO T. McCARTHY, Speaker

ANABEL FLEURY, Minute Clerk

## CALIFORNIA LEGISLATURE

1975-76 FIRST EXTRAORDINARY SESSION

**ASSEMBLY DAILY JOURNAL**

Twenty-second Legislative Day

Forty-fourth Calendar Day

**IN ASSEMBLY**Assembly Chamber, Sacramento  
Tuesday, April 1, 1975

The Assembly met at 10 16 a m

Hon Louis J Papan, Speaker pro Tempore of the Assembly, pre-  
siding

Chief Clerk James D Driscoll at the Desk.

Assistant Clerk Ray Monday reading.

**ROLL CALL**

The roll was called, and the following answered to their names—72.

Antonovich	Collier	Knox	Papan
Atnett	Craven	Lancaster	Perino
Badham	Cullen	Lanterman	Priolo
Banna	Davis	Lewis	Ralph
Berman	Dixon	Lockyer	Robinson
Beverly	Duffy	MacDonald	Rosenthal
Boots right	Eelands	Maddy	Siegel
Buttgs	Fenton	McAlister	Sieroty
Brown	Forn	McLennan	Thomas, William
Burke	Goggin	McVittie	Thuman
Calvo	Greene, Bill	Meade	Tucker
Campbell	Greene, Leroy F.	Miller	Vasconcellos
Carpenter	Gualco	Mohley	Vicencia
Chacon	Hart	Montoya	Watten
Chappie	Hayden	Mori	Wilson
Chej	Kaploff	Murphy	Wornum
Chimbole	Keene	Nestande	Z'berg
Cline	Keyser	Nimmo	Mr Speaker

Quorum present

**REGULAR BUSINESS DISPENSED WITH**By unanimous consent, the regular order of business of the Assembly  
was dispensed with for this legislative day.

**LEAVES OF ABSENCE FOR THE DAY**

The following Members were granted leaves of absence for the day, because of illness:

Mr. Deddeh, on request of Speaker pro Tempore Papan.

Mr. Vincent Thomas, on request of Speaker pro Tempore Papan

The following Members were granted leaves of absence for the day, on personal business, and desired to waive their per diem

Mr. Alatorre, on request of Speaker pro Tempore Papan.

Mr. Ingalls, on request of Speaker pro Tempore Papan

Mr. Suitt, on request of Speaker pro Tempore Papan

Mr. Torres, on request of Speaker pro Tempore Papan

The following Members were excused for the day, and their per diem was waived:

Mr. Bane.

Mr. Garamendi.

NOTE For letter explaining the absence of Mr. Ingalls on this day, see Assembly Daily Journal for the Regular Session for this day.

**REPORTS OF STANDING COMMITTEES****Committee on Ways and Means**

Assembly Chamber, March 31, 1975

Mr. Speaker: The Chairman of your Committee on Ways and Means reports.

AB No. 1

With author's amendments with the recommendation Amend, and refer to the Committee on Ways and Means

FORAN, Chairman

**SECOND READING OF BILLS—AUTHOR'S AMENDMENTS**

**Assembly Bill No. 1**—An act to add Division 31 (commencing with Section 41000) to, and to repeal Part 8 (commencing with Section 37000) of Division 24 of, the Health and Safety Code, and to repeal Section 8 of Chapter 1222 of the Statutes of 1965, relating to housing, and making an appropriation therefor.

Bill read second time

**Consideration of Author's Amendments**

The following author's amendments, pursuant to the Assembly Rules, were read, and adopted:

**Amendment No. 1**

In line 5 of the title of the printed bill, as amended in Assembly March 20, 1975, strike out "and".

**Amendment No. 2**

In line 5 of the title, after "therefor", insert ", and providing for the preparation, issuance, and sale of state bonds to create a fund to be used by the California Housing Finance Agency to make loans for financing housing developments, and providing for the submission of the bond measure to the people at a special election to be consolidated with the 1976 direct primary election".

**Amendment No. 3**

On page 80, between lines 35 and 36, insert  
"417045 Any resolution or resolutions authorizing any bonds or issue thereof shall specify the proportion of revenues of the agency which may be used to pay the administrative costs of the agency."

**Amendment No. 4**

On page 87, line 6, after "deposits", insert ", subject to the provisions of Article 2 (commencing with Section 16520) of Chapter 4 of Part 2 of Division 4 of Title 2 of the Government Code No more than 10 percent of the public deposits held by any private financial institution may be secured by bonds issued pursuant to this part".

**Amendment No. 5**

On page 87, between lines 14 and 15, insert

**"PART 4. HOUSING FINANCE BOND LAW OF 1975**

41800 This part shall be known and may be cited as the Housing Finance Bond Law of 1975

41801 Bonds in the total amount of five hundred million dollars (\$500,000,000), or so much thereof as is necessary, may be issued and sold to provide a fund to be used by the California Housing Finance Agency to finance housing developments, as authorized in this division, for the primary purpose of increasing the availability of housing within this state for persons and families of low or moderate income, and to be used to reimburse the General Obligation Bond Expense Revolving Fund pursuant to Section 16724.5 of the Government Code. Such bonds shall be known and designated as the State Housing Finance Bonds, and when sold, shall be and constitute a valid and binding obligation of the State of California, and the full faith and credit of the State of California are hereby pledged for the punctual payment of both principal and interest on such bonds as such principal and interest become due and payable

The state shall not have outstanding at any one time general obligation bonds specified in this part in an aggregate principal amount exceeding five hundred million dollars (\$500,000,000), excluding bonds issued to refund outstanding bonds

41802 The Housing Bond Credit Committee created by Section 41707, upon the request of the board stating the purposes for which bonds are proposed to be issued and the amount of the proposed issuance, shall determine whether or not a bond issue under this part

is necessary or desirable to accomplish such purposes. The committee shall have the authority and shall perform the functions specified in the State General Obligation Bond Law, Chapter 4 (commencing with Section 16720) of Part 3, Division 4, Title 2 of the Government Code.

41803. There shall be collected each year and in the same manner and at the same time as other state revenue is collected such sum in addition to the ordinary revenues of the state as shall be required to pay the principal and interest on the bonds maturing in that year, and it is hereby made the duty of all officers charged by law with any duty in regard to the collection of such revenue to do and perform each and every act which shall be necessary to collect such additional sum.

41804. There is hereby appropriated from the General Fund in the State Treasury for the purposes of this part, such an amount as will equal the following:

(a) Such sum annually as will be necessary to pay the principal and interest on bonds issued and sold pursuant to the provisions of this part as such principal and interest become due and payable.

(b) Such sum as is necessary to carry out the provisions of Section 41805 which sum is appropriated without regard to fiscal years.

41805. For the purposes of carrying out the provisions of this part, the Director of Finance may by executive order authorize the withdrawal from the General Fund of an amount or amounts not to exceed the amount of the unsold bonds which have been authorized to be sold for the purposes specified in Section 41801. Any amounts withdrawn shall be deposited in the California Housing Finance Fund, and any moneys made available in such a manner shall be returned to the General Fund from moneys received from the sale of bonds sold for such purposes.

41806. The proceeds of bonds issued and sold pursuant to this part shall be deposited in the California Housing Finance Fund and may be expended only for the purposes specified in this division.

41807. On the several dates on which funds are remitted pursuant to Section 16676 of the Government Code for the payment of the then maturing principal and interest on the bonds in each fiscal year, there shall be returned into the General Fund in the State Treasury moneys from the California Housing Finance Fund in an amount which is sufficient for the payment of principal and interest on the bonds then due and payable, if, and to the extent that, the transfer of such moneys from the California Housing Finance Fund will not unreasonably impair the working capital of the California Housing Finance Agency. In the event moneys transferred from the California Housing Finance Fund to the General Fund on such remittance dates are less than the principal and interest then due and payable with respect to the bonds, then the balance remaining unpaid, together with interest thereon at the rate borne by such bonds compounded semiannually from the date of maturity, shall be returned into the General Fund out of the California Housing Finance Fund as soon thereafter as it shall become available, without unreasonable impairment of the working capital of the agency.

41808 The bonds authorized by this part shall be prepared, executed, issued, sold, paid and redeemed as provided in the State General Obligation Bond Law, Chapter 4 (commencing with Section 16720) of Part 3, Division 4, Title 2 of the Government Code, and all of the provisions of that law are applicable to the bonds and to this part, and are hereby incorporated in this part as though set forth in full herein.

41809 As used in this part and for purposes of the State General Obligation Bond Law, Chapter 4 (commencing with Section 16720) of Part 3, Division 4, Title 2 of the Government Code, the following terms shall have the following meanings:

(a) "Bond" means a state general obligation bond issued pursuant to this part and known as a state housing finance bond.

(b) "Board" means the Board of Directors of the California Housing Finance Agency.

(c) "Committee" means the California Housing Finance Credit Committee created by Section 41707 of this act.

(d) "Fund" means the California Housing Finance Fund."

#### **Amendment No. 6**

On page 87, line 15, strike out "SEC 9.", and insert "SEC 3."

#### **Amendment No. 7**

On page 87, line 17, strike out "SEC 10 ", and insert "SEC 4 "

#### **Amendment No. 8**

On page 87, line 30, strike out "SEC 13 ", and insert

"SEC 5 A special election is hereby called to be held throughout the state on the eighth day of June 1976. The special election shall be consolidated with the direct primary election to be held on that date. The consolidated election shall be held and conducted in all respects as if there were only one election and only one form of ballot shall be used. Except as otherwise provided in this act, all of the provisions of law relating to the submission of measures proposed by the Legislature shall apply to the measure submitted pursuant to this act. A ballot pamphlet shall be prepared, compiled and distributed relating to the Housing Finance Bond Law of 1975 as set forth in Part 4 (commencing with Section 41800) of Division 31 of the Health and Safety Code, as proposed by this act. The Secretary of State shall distribute the ballot pamphlets to the county clerks not later than 45 days before the election, and the county clerks shall commence to mail such pamphlets to the voters not less than 15 days before the election. The distribution of ballot pamphlets in all respects shall be conducted in accordance with the provisions of Section 3573 of the Elections Code.

SEC 6 At the special election called by this act there shall be submitted to the electors Part 4 (commencing with Section 41800) of Division 31 of the Health and Safety Code, as proposed in this act. All provisions of this act shall control the submission of Part 4 (commencing with Section 41800) of Division 31 of the Health and Safety Code, as proposed by this act, and the holding of, the special election called by this act.

SEC 7. Upon the effective date of this section, arguments for and against the measure hereby ordered submitted to the electors shall be prepared in time, form and manner as provided in Article 18 (commencing with Section 3527) of Chapter 1 of Division 4 of the Elections Code

SEC 8 The special election provided for in this act shall be proclaimed, held, conducted, the ballots shall be prepared, marked, collected, counted and canvassed and the results shall be ascertained and the returns thereof made in all respects in accordance with the provisions of the Constitution applicable thereto and the law governing primary elections insofar as provisions thereof are applicable to the election provided for in this act; provided, however that the Governor need not issue his election proclamation until 30 days before the election

SEC 9 Notwithstanding any other provision of law all ballots at said election shall have printed thereon and in a square thereof, the words "For the Housing Finance Bond Law of 1975" and in the same square under said words the following in eight-point type "This act provides for a bond issue of five hundred million dollars (\$500 000 000) to provide funds for financing housing " In the square immediately below the square containing such words, there shall be printed on said ballot the words, "Against the Housing Finance Bond Law of 1975 " and in the same square immediately below said words in eight-point type shall be printed "This act provides for a bond issue of five hundred million dollars (\$500 000,000) to provide funds for financing housing " Opposite the words "For the Housing Finance Bond Law of 1975 " and "Against the Housing Finance Bond Law of 1975," there shall be left spaces in which the voters may place a cross in the manner required by law to indicate whether they vote for or against said act, and those voting for said act shall do so by placing a cross opposite the words, "For the Housing Finance Bond Law of 1975 " and those voting against the act shall do so by placing a cross opposite the words "Against the Housing Finance Bond Law of 1975 " provided that where the voting of such election is done by means of voting machines used pursuant to law in such manner as to carry out the intent of this section such use of such voting machines and the expression of the voters' choice by means thereof shall be deemed to comply with the provisions of this section The Governor of this state shall include the submission of this act to the people, as aforesaid, in his proclamation for such election

SEC 10 The votes cast for or against the Housing Finance Bond Law of 1975 shall be counted returned and canvassed and declared in the same manner and subject to the same rules as votes cast for state officers, and if it appears that said act shall have received a majority of all the votes cast for and against it at said election as aforesaid then the same shall have effect as heretofore provided and shall be irrevocable until the principal and interest of the habilitas herein created shall be paid and discharged, but if a majority of the votes cast as aforesaid are against this act then the same shall be and become void.



SEC 11 Upon the effective date of this section the Secretary of State shall request the Legislative Analyst to prepare an analysis of the measure in accordance with Section 88003 of the Government Code. Such analysis shall be filed with the Secretary of State within the time specified in the Elections Code.

SEC 12 "

Bill ordered reprinted, and to be re-referred to the Committee on Ways and Means.

### COMMUNICATIONS

Assembly Chamber, April 1, 1975

Mr Speaker Pursuant to your instructions, the Chief Clerk has examined.

AB No 1

And reports the same correctly engrossed

JAMES D DRISCOLL, Chief Clerk

Above bill re-referred to committee

### RECESS

At 10 17 a m, Speaker pro Tempore Papan declared the Assembly recessed until 3.01 p m.

### REASSEMBLED

At 3 01 p m, the Assembly reconvened

Hon Louis J Papan, Speaker pro Tempore of the Assembly, presiding.

### REPORTS OF STANDING COMMITTEES

#### Committee on Ways and Means

Assembly Chamber, April 1, 1975

Mr Speaker Your Committee on Ways and Means reports:

AB No 1

With amendments with the recommendation. Amend, and do pass, as amended.

FORAN, Chairman

### ASSEMBLY BILL NO. 1 TAKEN UP BY UNANIMOUS CONSENT

By unanimous consent Assembly Bill No 1 was taken up, without reference to file, for the purpose of reading the bill a second time and adopting the committee amendments at this time

#### Second Reading of Assembly Bill No. 1 by Unanimous Consent

**Assembly Bill No 1**—An act to add Division 31 (commencing with Section 41000) to and to repeal Part 8 (commencing with Section 37000) of Division 24 of the Health and Safety Code, and to repeal Section 8 of Chapter 1222 of the Statutes of 1965, relating to housing, and making an appropriation therefor.

Bill read second time.

**Consideration of Committee Amendments**

The following amendments, proposed by the Committee on Ways and Means, were read, and adopted

**Amendment No. 1**

In line 2 of the heading of the printed bill, as amended in Assembly April 1, 1975, strike out "Chappie,".

**Amendment No. 2**

In line 5 of the heading of the printed bill, strike out "Lanterman,".

**Amendment No. 3**

On page 35, line 33, strike out "seventy-five dollars (\$75)", and insert "fifty dollars (\$50)".

**Amendment No. 4**

On page 40, line 20, after the period, insert "However, the salary of the president shall not exceed the salary of the Secretary of the Business and Transportation Agency."

**Amendment No. 5**

On page 40, line 22, strike out "seventy-five dollars (\$75)", and insert "fifty dollars (\$50)".

**Amendment No. 6**

On page 41, line 18, after the period, insert "The salary of the executive vice president of the agency shall not exceed the salary of the president."

**Amendment No. 7**

On page 47, line 19, after the period, insert "Additionally, the agency's budget shall be submitted to the Joint Legislative Budget Committee for review and comment "

**Amendment No. 8**

On page 49, line 30, after "accountant", insert "and the agency shall be subject to audit by the Department of Finance not more often than once each fiscal year".

**Amendment No. 9**

On page 56, line 2, after "weeks", insert "after receipt by the landlord of the tenant's written request for a hearing".

**Amendment No. 10**

On page 56, line 3, strike out "weight", and insert "preponderance".

**Amendment No. 11**

On page 56, line 10, strike out "weight", and insert "preponderance".

**Amendment No. 12**

On page 80 between lines 35 and 36, insert "41707 There is hereby created a Housing Bond Credit Committee composed of the State Controller, the State Treasurer, the Director of Finance, the president, and an executive secretary. The executive secretary shall be appointed by the other four members of the committee from among two or more nominees submitted by the board, and shall serve during the pleasure of the committee. The executive secretary shall serve in a full-time capacity. The executive secretary shall aid the committee in the performance of its duties under this chapter, as directed by the committee, and shall perform the functions specified in Section 41311.5. The members of the committee other than the executive secretary shall serve on the committee without compensation. A majority shall be empowered to act for such committee. Prior to the issuance of any bonds, the board shall submit to the committee a statement of the purpose for which bonds are proposed to be issued and the amount of the proposed issuance. The committee shall determine the general adequacy of the program's security in protecting the state's credit. If the committee finds the state's credit would be subject to an undue risk, it may disapprove the proposed issuance or reduce the amount of the proposed issuance."

**Amendment No. 13**

On page 83, line 15, after "m", insert "any"

Bill ordered reprinted, and to be returned to the second reading file

**ADJOURNMENT**

At 5:40 p.m., Speaker pro Tempore Papan declared the Assembly adjourned until 9 a.m., Wednesday, April 2, 1975.

LEO T. McCARTHY, Speaker

ANABEL FLEURY, Minute Clerk



## CALIFORNIA LEGISLATURE

1975-76 FIRST EXTRAORDINARY SESSION

**ASSEMBLY DAILY JOURNAL**

Twenty-third Legislative Day

Forty-fifth Calendar Day

**IN ASSEMBLY**Assembly Chamber, Sacramento  
Wednesday, April 2, 1975

The Assembly met at 10:51 a m

Hon Louis J. Papan, Speaker pro Tempore of the Assembly,  
presiding

Chief Clerk James D Driscoll at the Desk.

Assistant Clerk Ray Monday reading

**ROLL CALL**

The roll was called, and the following answered to their names—75:

Antonovich	Craven	Lancaster	Prolo
Ainett	Cullen	Lanterman	Ralph
Badham	Davis	Lewis	Robinson
Bane	Deddeh	Lockyer	Rosenthal
Banus	Duffy	MacDonald	Siegler
Berman	Egeland	Maddy	Sieroty
Beverly	Fenton	McAlister	Stutt
Boutwright	Foitan	McLennan	Thomas, William
Briggs	Garumendi	McVittie	Thurman
Brown	Gagrin	Meade	Taites
Calvo	Greene, Leroy F	Miles	Tucker
Campbell	Guilco	Mobley	Vasconcellos
Carpenter	Hart	Montoya	Vicencia
Chacon	Hayden	Mori	Warren
Chappie	Ingalls	Murphy	Wilson
Chel	Kapiloff	Nestande	Woinum
Chimbole	Keene	Nimmo	Z'berg
Chue	Keyson	Papan	Mr Speaker
Collier	Knox	Perino	

Quorum present.

**REGULAR BUSINESS DISPENSED WITH**By unanimous consent, the regular order of business of the Assembly  
was dispensed with for this legislative day.

**LEAVES OF ABSENCE FOR THE DAY**

The following Members were granted leaves of absence for the day, because of illness:

Mr. Alatorre, on request of Speaker pro Tempore Papan  
Mr. Burke, on request of Speaker pro Tempore Papan  
Mr. Vincent Thomas, on request of Speaker pro Tempore Papan

The following Member was granted leave of absence for the day, on personal business, and desired to waive his per diem

Mr. Dixon, on request of Speaker pro Tempore Papan

The following Member was excused for the day, and his per diem was waived

Mr. Bill Greene.

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NOTE For letter explaining the absence of Mr. Alatorre on this day, see Assembly Daily Journal for the Regular Session for this day

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**CONSIDERATION OF DAILY FILE  
ASSEMBLY BILLS RETURNED TO SECOND READING  
FILE PURSUANT TO THE RULES**

Pursuant to the Assembly Rules, the following Assembly bill was this day on the second reading file

**Assembly Bill No. 1**, ordered to third reading.

**COMMUNICATIONS**

Assembly Chamber, April 2, 1975

Mr. Speaker: Pursuant to your instructions, the Chief Clerk has examined:

AB No. 1

And reports the same correctly engrossed

JAMES D. DRISCOLL, Chief Clerk

Above bill ordered to third reading

**RECESS**

At 10:53 a.m., Speaker pro Tempore Papan declared the Assembly recessed until 2:46 p.m.

**REASSEMBLED**

At 2:46 p.m., the Assembly reconvened

Hon. Louis J. Papan, Speaker pro Tempore of the Assembly, presiding.

**ADJOURNMENT**

At 2:49 p.m., Speaker pro Tempore Papan declared the Assembly adjourned until 1:30 p.m., Thursday, April 3, 1975.

LEO T. McCARTHY, Speaker

ANABEL FLEURY, Minute Clerk

## CALIFORNIA LEGISLATURE

1975-76 FIRST EXTRAORDINARY SESSION

**ASSEMBLY DAILY JOURNAL**

Twenty-fourth Legislative Day

Forty-sixth Calendar Day

**IN ASSEMBLY**Assembly Chamber, Sacramento  
Thursday, April 3, 1975

The Assembly met at 3:33 p m

Hon Leo T McCarthy, Speaker of the Assembly, presiding.

Chief Clerk James D Driscoll at the Desk.

Assistant Clerk Ray Monday reading

**ROLL CALL**

The roll was called, and the following answered to their names—79:

Alatorre	Collier	Keysor	Perino
Antonovich	Craven	Knox	Priolo
Arnett	Cullen	Lancaster	Ralph
Badham	Davis	Lanterman	Robinson
Bane	Deddeh	Lewis	Rosenthal
Banna	Dixon	Lockyer	Siegler
Berman	Duffy	MacDonald	Sieroty
Beverly	Egeland	Maddy	Sutt
Boatwright	Fenton	McAlister	Thomas, William
Briggs	Foran	McLennan	Thurman
Brown	Garamendi	McVittie	Torres
Burke	Goggin	Meade	Tucker
Calvo	Greene, Bill	Miller	Vasconcellos
Campbell	Greene, Leroy F.	Mobley	Vicencia
Carpenter	Gualco	Montoya	Warren
Chacon	Hart	Mori	Wilson
Chappie	Hayden	Murphy	Wornum
Chel	Ingalls	Nestande	Z'berg
Chimbole	Kapiloff	Nimmo	Mr. Speaker
Chne	Keene	Papan	

Quorum present.

**PRAYER**

The following prayer was offered by the Chaplain, Father Leo McAllister:

*Father*, It has been a long time since the Prince of Peace walked this earth, and we are still a people of violence.

Send Your Spirit among us so that we will not destroy or hate what You have made and what You called good

Guide and direct our minds to respect and love and help our fellow humans in need anywhere on this earth

Help us to negotiate and conciliate so that the road to peace will not always travel through the graveyards of our dead —AMEN.

**PLEDGE OF ALLEGIANCE TO THE FLAG**

Upon request of Speaker McCarthy, Mr Campbell then led the Assembly in the pledge of allegiance to the Flag

**MOTION TO DISPENSE WITH READING OF THE JOURNAL**

Further reading of the Journal of the previous legislative day was dispensed with on motion of Mr Dixon, seconded by Mr Hart.

**LEAVES OF ABSENCE FOR THE DAY**

The following Member was granted leave of absence for the day, because of illness:

Mr Vincent Thomas, on request of Speaker McCarthy

**REPORTS OF STANDING COMMITTEES****Committee on Housing and Community Development**

Assembly Chamber, April 1, 1975

Mr. Speaker. Your Committee on Housing and Community Development reports:

AB No 2

With amendments with the recommendation. Amend, do pass, as amended, and be re-referred to the Committee on Ways and Means

CHACON, Chairman

Above bill ordered to second reading

**CONSIDERATION OF DAILY FILE****THIRD READING OF ASSEMBLY BILLS**

**Assembly Bill No. 1**—An act to add Division 31 (commencing with Section 41000) to, and to repeal Part 8 (commencing with Section 37000) of Division 24 of, the Health and Safety Code, and to repeal Section 8 of Chapter 1222 of the Statutes of 1965, relating to housing, making an appropriation therefor, and providing for the preparation, issuance, and sale of state bonds to create a fund to be used by the California Housing Finance Agency to make loans for financing housing developments, and providing for the submission of the bond measure to the people at a special election to be consolidated with the 1976 direct primary election.



Bill read third time, and passed by the following vote (**AYES--67; NOES--11**):

**AYES**

Alatorre	Duffy	Lockyer	Robinson
Arnett	Egeland	MacDonald	Rosenthal
Bannai	Fenton	Maddy	Siegler
Berman	Foran	McAlister	Sieroty
Beverly	Gatamendi	McVittie	Suitt
Boatwright	Goggin	Meade	Thomas, William
Brown	Greene, Bill	Miller	Thurman
Calvo	Greene, Leroy F	Mobley	Torres
Carpenter	Gualco	Montoya	Tucker
Chacon	Hart	Mori	Vasconcellos
Chappie	Hayden	Murphy	Vicencia
Chel	Ingalls	Nestande	Warren
Chumbolo	Kapiloff	Nunno	Wilson
Cullen	Keene	Papan	Wornum
Davis	Keysor	Perino	Z'berg
Deddeh	Knox	Priolo	Mr. Speaker
Dixon	Lewis	Ralph	

**NOES**

Antonovich	Burke	Collier	Lanterman
Badham	Campbell	Craven	McLennan
Briggs	Chine	Lancaster	

Bill ordered transmitted to the Senate.

**Speaker pro Tempore Presiding**

At 3:57 p m, Hon. Louis J. Papan, 19th District, presiding.

**RECESS**

At 3:58 p m, Speaker pro Tempore Papan declared the Assembly recessed.

**REASSEMBLED**

At 4:16 p m, the Assembly reconvened.

Hon. Leo T. McCarthy, Speaker of the Assembly, presiding.

**VOTE CHANGES**

The following Member was granted unanimous consent to record his vote:

On **Assembly Bill No. 1**: Mr. McLennan, "No".

**ADJOURNMENT**

At 4:17 p m, Speaker McCarthy declared the Assembly adjourned until 10 a m, Monday, April 7, 1975

LEO T. MCCARTHY, Speaker

ANABEL FLEURY, Minute Clerk



## CALIFORNIA LEGISLATURE

1975-76 FIRST EXTRAORDINARY SESSION

## ASSEMBLY DAILY JOURNAL

Twenty-fifth Legislative Day

Fiftieth Calendar Day

## IN ASSEMBLY

Assembly Chamber, Sacramento  
Monday, April 7, 1975

The Assembly met at 1 06 p m

Hon Leo T McCarthy, Speaker of the Assembly, presiding

Chief Clerk James D Driscoll at the Desk

Assistant Clerk Ray Monday reading.

## ROLL CALL

The roll was called, and the following answered to their names—79:

Alatorre	Collier	Knox	Priolo
Antonovich	Craven	Laucaster	Ralph
Arnett	Cullen	Lauteiman	Robinson
Badham	Davis	Lewis	Rosenthal
Bane	Deddeh	Lockyer	Siegler
Bannai	Dixon	MacDonald	Sieroty
Beiman	Duffy	Maddy	Suitt
Beverly	Egeland	McAlister	Thomas Vincent
Bontwright	Fenton	McLennan	Thomas William
Biggs	Forn	McVittie	Thurman
Brown	Garcumendi	Meade	Torres
Bunke	Goggin	Miller	Tucker
Calvo	Greene, Bill	Moble	Vasconcellos
Campbell	Greene, Leroy F	Montoya	Vicencia
Carpenter	Gualco	Mori	Warren
Chacon	Hart	Murphy	Wilson
Chappie	Hayden	Nestande	Wornum
Chel	Kapiloff	Nimmo	Z'berg
Chimbole	Keene	Papan	Mr. Speaker
Clue	Keyser	Perino	

Quorum present.

**PRAYER**

The following prayer was offered by the Chaplain, Father Leo McAllister:

*God, Our Father*, We thank You for the land we live in, not because it is perfect, but because it is ours, ours to make of it what we will. Here we have our homes, here we share life with those we love. There can be no more compelling reason on earth for offering thanks to You. And there is no better way of showing our thanks than by sharing this gift of freedom with our fellow man.

Blessed are You, God, for creating us free. You refused to overwhelm us with Your power, instead You have invited us with Your love. Our prayer is that we may prove worthy of this invitation, that we may be men and women responsible enough to use our freedom for others, and to the glory of Your name and our country.

May You be blessed and praised by all men now and forever —AMEN

**PLEDGE OF ALLEGIANCE TO THE FLAG**

Upon request of Speaker McCarthy, Mr McLennan then led the Assembly in the pledge of allegiance to the Flag.

**MOTION TO DISPENSE WITH READING OF THE JOURNAL**

Further reading of the Journal of the previous legislative day was dispensed with on motion of Mr Hayden, seconded by Mr. Calvo.

**LEAVES OF ABSENCE FOR THE DAY**

The following Member was granted leave of absence for the day, on personal business, and desired to waive his per diem:

Mr. Ingalls, on request of Speaker McCarthy.

NOTE For letter explaining the absence of Mr. Ingalls on this day, see Assembly Daily Journal for the Regular Session for this day.

**CONSIDERATION OF DAILY FILE****SECOND READING OF ASSEMBLY BILLS**

**Assembly Bill No. 2** —An act to add Part 14 (commencing with Section 37965) to Division 24 of the Health and Safety Code, relating to housing, and making an appropriation therefor.

Bill read second time

**Consideration of Committee Amendments**

The following amendments, proposed by the Committee on Housing and Community Development, were read, and adopted.

**Amendment No. 1**

On page 3, line 14, of the printed bill, as amended in Assembly February 20, 1975, strike out "Commission", and insert "Department".

**Amendment No. 2**

On page 3, line 18, after the comma, insert "or, at the department's option, the California Housing Finance Agency created by Part 3 (commencing with Section 41300) of Division 31."

**Amendment No. 3**

On page 3, strike out lines 23 to 40, inclusive, and on page 4, strike out lines 1 to 3 inclusive, and insert

"(a) "Contracting agency" means either the Department of Veterans Affairs or the California Housing Finance Agency, whichever of such agencies contracts with the department pursuant to Section 37968

(b) "Department" means the Department of Housing and Community Development "

**Amendment No. 4**

On page 4, line 16, strike out "commission", and insert "department".

**Amendment No. 5**

On page 4, line 20, strike out "commission", and insert "department".

**Amendment No. 6**

On page 4, line 28, strike out "commission", and insert "department".

**Amendment No. 7**

On page 4, line 29, strike out "department", and insert "Department of Veterans Affairs or the California Housing Finance Agency"

**Amendment No. 8**

On page 4, line 31, strike out "commission" and insert "department".

**Amendment No. 9**

On page 4, line 33, strike out "department", and insert "contracting agency".

**Amendment No. 10**

On page 4, line 36, strike out "commission", and insert "department".

**Amendment No. 11**

On page 4, line 37, strike out "department", and insert "contracting agency".

**Amendment No. 12**

On page 4, line 38, strike out "department", and insert "contracting agency".

**Amendment No. 13**

On page 5, line 3, strike out "Commission", and insert "Department".

**Amendment No. 14**

On page 5, line 6, strike out "Department of Veterans Affairs", and insert "contracting agency".

**Amendment No. 15**

On page 5, line 8, strike out "commission", and insert "department".

**Amendment No. 16**

On page 5, line 9, strike out "department", and insert "contracting agency".

**Amendment No. 17**

On page 5, line 10, strike out "department", and insert "contracting agency".

**Amendment No. 18**

On page 5, line 16, strike out "department", and insert "contracting agency".

**Amendment No. 19**

On page 5, line 19, strike out "commission", and insert "department".

**Amendment No. 19.5**

On page 5, line 21, after "rate", insert a comma

**Amendment No. 20**

On page 5, line 22, strike out "commission", and insert "department".

**Amendment No. 21**

On page 5, line 25, strike out "commission", and insert "department".

**Amendment No. 22**

On page 5, strike out lines 31 to 34, inclusive, and insert "37972 Insurance premiums collected by the lender, as provided in Section 37971, shall be remitted to the contracting agency in accordance with regulations adopted by the department Premiums so collected,".

**Amendment No. 23**

On page 5, line 36, strike out "department", and insert "contracting agency".

**Amendment No. 24**

On page 5, line 37, strike out "department", and insert "contracting agency".

**Amendment No. 25**

On page 5, line 38, strike out "commission", and insert "department".

**Amendment No. 26**

On page 5, line 40, strike out the first "department", and insert "contracting agency".

**Amendment No. 27**

On page 5, line 40, strike out the second "department", and insert "contracting agency".

**Amendment No. 28**

On page 6, line 1, strike out "commission", and insert "department".

**Amendment No. 29**

On page 6, line 3, strike out "department", and insert "contracting agency".

**Amendment No. 29.5**

On page 6, line 6, after "force", insert a comma.

**Amendment No. 30**

On page 6, line 10, strike out "commission", and insert "department".

**Amendment No. 31**

On page 6, line 14, strike out "commission", and insert "department".

**Amendment No. 32**

On page 6, line 20, strike out "commission", and insert "department".

**Amendment No. 33**

On page 6, line 24, strike out "commission", and insert "department".

**Amendment No. 34**

On page 6, line 27, strike out "commitments the commission", and insert "commitments, the department".

**Amendment No. 35**

On page 6, between lines 29 and 30, insert "37976. Commencing in 1977, the department shall annually, on or before the fifth day of January, report to the Legislature on the status of the program of loan insurance authorized by this part.

37976.5 The department shall require that occupancy of housing for which a loan is insured pursuant to this part shall be open to all, regardless of race, color, religion, national origin, ancestry, or sex, and that contractors and subcontractors engaged in the rehabilitation of housing funded by a loan insured pursuant to this part shall provide an equal opportunity for employment without discrimination as to race, color, religion, national origin, ancestry, or sex.

All contracts for the rehabilitation of housing funded by a loan insured pursuant to this part shall be let without discrimination as to race, color, religion, national origin, ancestry, or sex and pursuant to an affirmative action program which shall be at not less than federal affirmative action standards, unless the department makes a specific finding that the particular requirement would be unworkable."

**Amendment No. 36**

On page 6, line 34, strike out "commission", and insert "department".

**Amendment No. 37**

On page 6, line 35, strike out "department", and insert "contracting agency".

**Amendment No. 38**

On page 6, line 37, strike out "commission", and insert "department".

**Amendment No. 39**

On page 7, line 9, strike out "commission", and insert "department".

**Amendment No. 40**

On page 7, line 12, strike out "department", and insert "contracting agency".

**Amendment No. 41**

On page 7, line 17, strike out "commission", and insert "department".

**Amendment No. 42**

On page 7, line 21, strike out "commission", and insert "department".

**Amendment No. 43**

On page 7, line 23, strike out the first "department", and insert "contracting agency".

**Amendment No. 44**

On page 7, line 23, strike out the second "department", and insert "contracting agency".

**Amendment No. 45**

On page 7, line 26, strike out "commission", and insert "department".

**Amendment No. 46**

On page 7, line 32, strike out "department", and insert "contracting agency".

**Amendment No. 47**

On page 7, line 39, strike out "department", and insert "contracting agency".

**Amendment No. 48**

On page 7, line 40, strike out "commission", and insert "department".

**Amendment No. 49**

On page 8, line 2, strike out "department", and insert "contracting agency".

**Amendment No. 50**

On page 8, line 3, strike out "commission", and insert "department".

**Amendment No. 51**

On page 8, line 10, strike out "commission", and insert "department".



**Amendment No. 52**

On page 8, line 13, strike out "commission" and insert "department"

**Amendment No. 53**

On page 9, line 8, strike out "department", and insert "contracting agency"

**Amendment No. 54**

On page 9, line 28, strike out the first "commission", and insert "department"

**Amendment No. 55**

On page 9, line 28, strike out the second "commission", and insert "department"

**Amendment No. 56**

On page 9, line 32, strike out "commission", and insert "department"

**Amendment No. 57**

On page 10, line 20, strike out "department", and insert "contracting agency"

**Amendment No. 58**

On page 10, line 26, strike out "commission", and insert "department"

**Amendment No. 59**

On page 10, line 28, strike out "commission", and insert "department"

**Amendment No. 60**

On page 10, line 30, strike out "commission", and insert "department"

**Amendment No. 61**

On page 10, line 34, strike out "commission", and insert "department"

**Amendment No. 62**

On page 10, line 36, strike out "commission", and insert "department"

**Amendment No. 63**

On page 10, line 37, after "loan", insert a comma

**Amendment No. 64**

On page 10, line 39, strike out "commission", and insert "department"

**Amendment No. 65**

On page 10, line 40, strike out "department", and insert "contracting agency"

**Amendment No. 66**

On page 11, line 2, strike out "commission", and insert "department"

Bill ordered reprinted, and to be re-referred to the Committee on Ways and Means

**INTRODUCTION, FIRST READING, AND REFERENCE  
OF ASSEMBLY BILLS**

The following bill was introduced, read the first time and ordered held at the Desk

**Assembly Bill No. 6:** By Assemblyman McVittie—An act to add Part 115 (commencing with Section 37880) to Division 24 of the Health and Safety Code, relating to housing, and making an appropriation therefor

**RECESS**

At 1.07 p m , Speaker McCarthy declared the Assembly recessed

**REASSEMBLED**

At 2.45 p m the Assembly reconvened

Hon Leo T McCarthy, Speaker of the Assembly, presiding

**ADJOURNMENT**

At 2.46 p m , Speaker McCarthy declared the Assembly adjourned until 8 a m , Tuesday, April 8, 1975

LEO T MCCARTHY, Speaker

ANABEL FLEURY, Minute Clerk

## CALIFORNIA LEGISLATURE

1975-76 FIRST EXTRAORDINARY SESSION

**ASSEMBLY DAILY JOURNAL**

Twenty-sixth Legislative Day

Fifty-first Calendar Day

**IN ASSEMBLY**Assembly Chamber, Sacramento  
Tuesday, April 8, 1975

The Assembly met at 10 26 a m

Hon Robert P Nimmo, Member of the Assembly, 29th District,  
presiding

Chief Clerk James D Driscoll at the Desk

Assistant Clerk Ray Monday reading.

**ROLL CALL**

The roll was called, and the following answered to their names—77

Alatorre	Clayton	Knox	Priolo
Antonovich	Callen	Laucaster	Ralph
Arnett	Davis	Lambertman	Robinson
Badham	Deidich	Lewis	Rosenthal
Bane	Dixon	Lockyer	Siegler
Bannai	Duffy	MacDonald	Sieroty
Berman	Egeland	Maddy	Sutt
Beverly	Fenton	McAlister	Thomas, Vincent
Boatwright	Folan	McLennan	Thomas, William
Bugs	Garamendi	McVittie	Thurman
Brown	Grogan	Miller	Torres
Calvo	Greene	Mohler	Tucker
Campbell	Gualco	Montoya	Vasconcellos
Carpenter	Hart	Mori	Vicencia
Chacon	Hayden	Murphy	Warren
Chappelle	Ingalls	Nestande	Wilson
Chel	Kapiloff	Nimmo	Wornum
Chumbale	Keene	Papan	Zibeyg
Chne	Keyser	Perino	Mr Speaker

Quorum present

**REGULAR BUSINESS DISPENSED WITH**By unanimous consent, the regular order of business of the Assembly  
was dispensed with for this legislative day.

**LEAVES OF ABSENCE FOR THE DAY**

The following Member was granted leave of absence for the day, because of illness

Mr Burke, on request of Acting Speaker Nimmo

The following Member was excused for the day, and his per diem was waived

-Mr Meade.

**COMMUNICATIONS**

Assembly Chamber, April 8, 1975

Mr Speaker. Pursuant to your instructions, the Chief Clerk has examined

AB No 2

And reports the same correctly engrossed

JAMES D. DRISCOLL, Chief Clerk

Above bill re-referred to committee.

**REFERENCE OF BILLS TO COMMITTEE**

Pursuant to the Assembly Rules, the following bill was referred to committee:

*Assembly*

*Bill No*

*Committee*

6-----Housing and Community Development

**RECESS**

At 10 27 a m. Acting Speaker Nimmo declared the Assembly recessed

**REASSEMBLED**

At 2 45 p m. the Assembly reconvened

Hon Robert P Nimmo, Member of the Assembly, 29th District, presiding.

**ADJOURNMENT**

At 2 46 p m, Acting Speaker Nimmo declared the Assembly adjourned until 9 a m, Wednesday, April 9, 1975

LEO T McCARTHY, Speaker

ANABEL FLEURY, Minute Clerk

## CALIFORNIA LEGISLATURE

1975-76 FIRST EXTRAORDINARY SESSION

**ASSEMBLY DAILY JOURNAL**

Twenty-seventh Legislative Day

Fifty-second Calendar Day

**IN ASSEMBLY**Assembly Chamber, Sacramento  
Wednesday, April 9, 1975

The Assembly met at 10 10 a m

Hon John F Foran, Member of the Assembly, 16th District, presiding

Chief Clerk James D Driscoll at the Desk

Assistant Clerk Ray Monday reading

**ROLL CALL**

The roll was called, and the following answered to their names—77

Antonovich	Craven	Lancaster	Piolo
Arnett	Cullen	Lanterman	Ralph
Badham	Davis	Lewis	Robinson
Bane	Debleh	Lockyer	Rosenthal
Barnett	Dixon	MacDonald	Siegler
Berman	Egeland	Maddy	Sierota
Beverly	Fenton	McAlister	Surti
Bontsight	Foran	McLennan	Thomas Vincent
Briggs	Ganameniti	McVittie	Thomas William
Brown	Goggin	Meade	Thurman
Burke	Greene	Miller	Tories
Calvo	Gualco	Mobley	Tucker
Campbell	Hart	Montoya	Vasconcellos
Carpenter	Hayden	Mori	Venencia
Chatou	Ingalls	Murphy	Warren
Chapple	Kaploff	Nestande	Wilson
Chel	Keene	Nimmo	Wornum
Chimbole	Kevson	Papan	Zberg
Clme	Knox	Perno	Mr Speaker

Quorum present

**REGULAR BUSINESS DISPENSED WITH**

By unanimous consent, the regular order of business of the Assembly was dispensed with for this legislative day

**LEAVES OF ABSENCE FOR THE DAY**

The following Members were granted leaves of absence for the day on personal business, and desired to waive their per diem

Mr Alatorre, on request of Acting Speaker Foran

Mr Duffy, on request of Acting Speaker Foran

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NOTE For letter explaining the absence of Mr Duffy on this day, see Assembly Daily Journal for the Regular Session for this day

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**RECESS**

At 10 11 a m , Acting Speaker Foran declared the Assembly recessed

**REASSEMBLED**

At 2 45 p m , the Assembly reconvened

Hon John F Foran, Member of the Assembly, 16th District, presiding.

**ADJOURNMENT**

At 2 47 p m , Acting Speaker Foran declared the Assembly adjourned until 1 30 p m , Thursday, April 10, 1975

LEO T McCARTHY, Speaker

ANABEL FLEURY, Minute Clerk

## CALIFORNIA LEGISLATURE

1975-76 FIRST EXTRAORDINARY SESSION

**ASSEMBLY DAILY JOURNAL**

Twenty-eighth Legislative Day

Fifty-third Calendar Day

**IN ASSEMBLY**Assembly Chamber, Sacramento  
Thursday, April 10, 1975

The Assembly met at 4 08 p m

Hon Leo T McCarthy, Speaker of the Assembly, presiding

Chief Clerk James D Driscoll at the Desk

Assistant Clerk Ray Monday reading

**ROLL CALL**

The roll was called, and the following answered to their names—79

Alatortie	Collier	Knox	Priolo
Antonovich	Craven	Launcester	Rolph
Arnett	Cullen	Lautman	Robinson
Badham	Davis	Lewis	Rosenthal
Banc	Deddeh	Lockyer	Siegler
Bannin	Dryon	MacDonald	Sieroty
Berman	Duffy	Maddy	Stutt
Beverly	Egeland	McAlister	Thomas Vincent
Buttright	Fenton	McLaman	Thomas William
Butts	Foran	McVittie	Thurman
Brown	Garamendi	Moade	Torres
Burke	Gosau	Miller	Tucker
Calvo	Greene	Melby	Vasconcellos
Campbell	Gualco	Montoya	Vicens
Carpenter	Hart	Mori	Warren
Clancy	Hayden	Murphy	Wilson
Chappie	Ingalis	Nestande	Worrum
Chel	Kaploff	Nimmo	Zberg
Chimbole	Keene	Papan	Mr Speaker
Chne	Keyser	Perino	

Quorum present

**PRAYER**

The following prayer was offered by the Chaplain, Father Leo McAllister

*Lord God, What You have sowed in us You will reap, when Your day has come You speak and call a name, which must respond with love*

*Wherever men are deaf, You are not there, wherever men are dumb and kill by silence You are not among them, wherever men do not respond with love they are not Your people Fill our hearts with goodness so that Your love and life will be visible in us—AMEN*

**PLEDGE OF ALLEGIANCE TO THE FLAG**

Upon request of Speaker McCarthy, Mr Meade then led the Assembly in the pledge of allegiance to the Flag

**MOTION TO DISPENSE WITH READING OF THE JOURNAL**

Further reading of the Journal of the previous legislative day was dispensed with on motion of Mr Calvo, seconded by Mr Burke

**ADJOURNMENT**

At 4 09 p m, Speaker McCarthy declared the Assembly adjourned until 9 a m, Monday, April 14, 1975

LEO T MCCARTHY, Speaker

ANABEL FLEURY, Minute Clerk



## CALIFORNIA LEGISLATURE

1975-76 FIRST EXTRAORDINARY SESSION

**ASSEMBLY DAILY JOURNAL**

Twenty-ninth Legislative Day

Fifty-seventh Calendar Day

**IN ASSEMBLY**Assembly Chamber, Sacramento  
Monday, April 14, 1975

The Assembly met at 11 46 a m

Hon Leo T McCarthy, Speaker of the Assembly, presiding

Chief Clerk James D Driscoll at the Desk

Assistant Clerk Ray Monday reading

**ROLL CALL**

The roll was called, and the following answered to their names—77

Alatorre	Craven	Knos	Prolo
Antonovich	Collen	Lancaster	Ralph
Azoff	Davis	Lautrumin	Robinson
Badham	Desoldi	Lewis	Rosenthal
Bane	Dixon	Loeber	Siegel
Bannan	Duffy	MacDonald	Sterdy
Berman	Egeland	Maddy	Stitt
Beverly	Fenton	McAlister	Thomas Vincent
Boothright	Foran	McLennan	Thomas William
Biggs	Garamendi	McVittie	Thomson
Brown	Goggun	Meade	Torres
Butke	Greene	Miller	Tucker
Calvo	Gualco	Mobley	Vasconcellos
Campbell	Hart	Montoya	Vicencia
Carpenter	Hayden	Mori	Warren
Chappie	Ingalls	Murphy	Wilson
Chel	Kapiloff	Nestande	Wornum
Chimbole	Keene	Papan	Zberg
Chne	Keyser	Perino	Mr Speaker
Collier			

Quorum present

**PRAYER**

The following prayer was offered by the Chaplain Father Leo McAllister

*Father*, Ours is not the first generation to discover the chance and tragedy of this world. Save us from being the first generation to be conquered by it.

Let not our time be consumed by nostalgically recalling the golden ages of the past. For, indeed, they were so designated by people who never lived in them.

Give us the courage to face the tragedies, ironies, and absurdities of life. Save us from self-pity which precludes self-improvement.—AMEN

**PLEDGE OF ALLEGIANCE TO THE FLAG**

Upon request of Speaker McCarthy, Mr. Craven then led the Assembly in the pledge of allegiance to the Flag.

**MOTION TO DISPENSE WITH READING OF THE JOURNAL**

Further reading of the Journal of the previous legislative day was dispensed with on motion of Mr. Ingalls, seconded by Mr. Deddeh.

**LEAVES OF ABSENCE FOR THE DAY**

The following Member was granted leave of absence for the day because of illness:

Mr. Chacon, on request of Speaker McCarthy.

The following Member was granted leave of absence for the day, on personal business, and desired to waive his per diem:

Mr. Nimmo, on request of Speaker McCarthy.

**INTRODUCTION, FIRST READING, AND REFERENCE OF ASSEMBLY BILLS**

The following bills were introduced, read the first time, and ordered held at the Desk:

**Assembly Bill No. 7:** By Assemblyman McVittie—An act to add Section 37136 to the Health and Safety Code, relating to housing.

**Assembly Bill No. 8:** By Assemblyman McVittie—An act to add Chapter 7 (commencing with Section 37150) to Part 8 of Division 24 of the Health and Safety Code, relating to housing.

**RECESS**

At 11:47 a.m., Speaker McCarthy declared the Assembly recessed.

**REASSEMBLED**

At 4:45 p.m., the Assembly reconvened.

Hon. Leo T. McCarthy, Speaker of the Assembly, presiding.

**REFERENCE OF BILLS TO COMMITTEE**

Pursuant to the Assembly Rules, the following bills were referred to committee.

*Assembly**Bill No.**Committee*

7----- Housing and Community Development  
8----- Housing and Community Development

**ADJOURNMENT**

At 4 46 p m , Speaker McCarthy declared the Assembly adjourned until 8 a m , Tuesday, April 15, 1975

LEO T McCARTHY, Speaker

ANABEL FLEURY, Minute Clerk



## CALIFORNIA LEGISLATURE

1975-76 FIRST EXTRAORDINARY SESSION

**ASSEMBLY DAILY JOURNAL**

Thirtieth Legislative Day

Fifty-eighth Calendar Day

**IN ASSEMBLY**Assembly Chamber, Sacramento  
Tuesday, April 15, 1975

The Assembly met at 10:38 a.m.

Hon Louis J. Papan, Speaker pro Tempore of the Assembly, presiding

Chief Clerk James D. Driscoll at the Desk.

Assistant Clerk Ray Monday reading.

**ROLL CALL**

The roll was called, and the following answered to their names—75:

Alatorre	Cline	Keysor	Priolo
Antonovich	Collier	Knox	Ralph
Ariett	Craven	Lancaster	Rosenthal
Badham	Cullen	Lanterman	Siegler
Bane	Davis	Lewis	Sieroty
Bannai	Deddeh	Lockyer	Sutt
Berman	Dixon	MacDonald	Thomas, Vincent
Beverly	Duffy	Maddy	Thomas, William
Boatwright	Egeland	McAbster	Thurman
Briggs	Fenton	McLennan	Tories
Brown	Foran	McVittie	Tucker
Burke	Goggin	Meade	Vasconcellos
Calvo	Greene	Miller	Vicencia
Campbell	Gualco	Mobley	Warren
Carpenter	Hart	Montoya	Wilson
Chacon	Hayden	Mori	Wornum
Chappie	Ingalls	Murphy	Z'berg
Chel	Kaploff	Papan	Mr. Speaker
Chimbole	Keene	Perino	

Quorum present.

**REGULAR BUSINESS DISPENSED WITH**

By unanimous consent, the regular order of business of the Assembly was dispensed with for this legislative day.

**LEAVES OF ABSENCE FOR THE DAY**

The following Members were granted leaves of absence for the day, on personal business, and desired to waive their per diem.

Mr Garamendi, on request of Speaker pro Tempore Papan

Mr Nestande, on request of Speaker pro Tempore Papan.

Mr Nimmo, on request of Speaker pro Tempore Papan

Mr Robuison, on request of Speaker pro Tempore Papan.

**RECESS**

At 10 39 a m , Speaker pro Tempore Papan declared the Assembly recessed.

**REASSEMBLED**

At 4 45 p m , the Assembly reconvened.

Hon Louis J. Papan, Speaker pro Tempore of the Assembly, presiding

**ADJOURNMENT**

At 4 46 p m , Speaker pro Tempore Papan declared the Assembly adjourned until 9 a m , Wednesday, April 16, 1975

LEO T McCARTHY, Speaker

ANABEL FLEURY, Minute Clerk

## CALIFORNIA LEGISLATURE

1975-76 FIRST EXTRAORDINARY SESSION

**ASSEMBLY DAILY JOURNAL**

Thirty-first Legislative Day

Fifty-ninth Calendar Day

**IN ASSEMBLY**Assembly Chamber, Sacramento  
Wednesday, April 16, 1975

The Assembly met at 10 38 a m

Hon Louis J Papan, Speaker pro Tempore of the Assembly, pre-  
siding

Chief Clerk James D Driscoll at the Desk

Assistant Clerk Ray Monday reading

**ROLL CALL**

The roll was called, and the following answered to their names—75

Alfonse	Craven	Knox	Priolo
Antonovich	Cullen	Lancaster	Ralph
Atnett	Davis	Lauterman	Rosenthal
Bane	Deddeh	Lewis	Seger
Bannai	Dixon	Lockyer	Sieroty
Beiman	Duffy	MacDonald	Sturt
Beverly	Egeland	Maddy	Thomas, Vincent
Boatwright	Fenton	McAlister	Thomas, William
Biggs	Foran	McLennan	Thurman
Brown	Garamendi	McVittie	Tories
Burke	Goggin	Meade	Tucker
Calvo	Greene	Miller	Vucancellos
Campbell	Gualco	Mobley	Vucotta
Carpenter	Hart	Montoya	Warren
Chacon	Hayden	Mori	Watson
Chappe	Ingalls	Murphy	Wotnum
Chel	Kapiloff	Nestande	Z'berg
Chimbole	Keene	Papan	Mr Speaker
Collier	Keysof	Perino	

Quorum present

**REGULAR BUSINESS DISPENSED WITH**

By unanimous consent, the regular order of business of the Assembly was dispensed with for this legislative day

**LEAVES OF ABSENCE FOR THE DAY**

The following Members were granted leaves of absence for the day, because of illness:

Mr Clune, on request of Speaker pro Tempore Papan  
Mr Robinson, on request of Speaker pro Tempore Papan

The following Members were granted leaves of absence for the day, on personal business, and desired to waive their per diem:

Mr Badham, on request of Speaker pro Tempore Papan  
Mr Nimmio, on request of Speaker pro Tempore Papan

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NOTE For letters explaining the absences of Messrs Clune and Badham on this day, see Assembly Daily Journal for the Regular Session for this day

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**RECESS**

At 10 30 a m., Speaker pro Tempore Papan declared the Assembly recessed

**REASSEMBLED**

At 2 45 p m., the Assembly reconvened

Hon Louis J Papan, Speaker pro Tempore of the Assembly, presiding

**ADJOURNMENT**

At 2 46 p m., Speaker pro Tempore Papan declared the Assembly adjourned until 1 30 p m., Thursday, April 17, 1975

LEO T McCARATHY, Speaker

ANABEL FLEURY Minute Clerk



## CALIFORNIA LEGISLATURE

1975-76 FIRST EXTRAORDINARY SESSION

**ASSEMBLY DAILY JOURNAL**

Thirty-second Legislative Day

Sixtieth Calendar Day

**IN ASSEMBLY**Assembly Chamber, Sacramento  
Thursday, April 17, 1975

The Assembly met at 4:16 p.m.

Hon. Leo T. McCarthy, Speaker of the Assembly, presiding

Chief Clerk James D. Driscoll at the Desk

Assistant Clerk Ray Monday reading

**ROLL CALL**

The roll was called, and the following answered to their names—76

Alatorre	Collier	Keyser	Papan
Antonovich	Craven	Kuox	Perino
Arnett	Callen	Lancaster	Priolo
Baughman	Davis	Lanterman	Ralph
Bane	Deddeh	Lewis	Rosenthal
Bannai	Dixon	Lockyer	Siegler
Berman	Duffy	MacDonald	Sieroty
Beverly	Egolfund	Maddy	Sutt
Boatwright	Fenton	Mr. Abster	Thomas, William
Briggs	Foran	McLennan	Thurman
Brown	Garamendi	McVittie	Torres
Burke	Goggan	Meade	Tucker
Calvo	Greene	Miller	Vasconcellos
Campbell	Gualco	Mobley	Vicnein
Carpenter	Hart	Montoya	Warren
Chacon	Hayden	Mori	Wilson
Chappie	Ingalls	Murphy	Worum
Chel	Koploff	Nestande	Zberg
Chimhole	Keene	Nimmo	Mr. Speaker

Quorum present

**PRAYER**

The following prayer was offered by the Chaplain, Father Leo McAllister

*God, We thank You today for the goodness You have placed in this world. While there is much suffering and maybe much that is evil we still can see Your presence in many people who care enough to reach out to help a fellow human being in need.*

*We see Your presence in those who are idealistic enough to work day in and day out for causes that are noble.*

*We see Your presence in those who leave a legacy of goodness and happiness. You made us for action rather than aimless dreaming. You determine our worth by the good deeds we do rather than the fine emotions we feel—AMEN*

**PLEDGE OF ALLEGIANCE TO THE FLAG**

Upon request of Speaker McCarthy, Mr. Duffy then led the Assembly in the pledge of allegiance to the Flag.

**MOTION TO DISPENSE WITH READING OF THE JOURNAL**

Further reading of the Journal of the previous legislative day was dispensed with on motion of Mr. Calvo, seconded by Mr. Deddeh.

**LEAVES OF ABSENCE FOR THE DAY**

The following Members were granted leaves of absence for the day, because of illness:

Mr. Cline, on request of Speaker McCarthy

Mr. Robinson, on request of Speaker McCarthy

Mr. Vincent Thomas, on request of Speaker McCarthy

NOTE: For letter explaining the absence of Mr. Cline on this day, see Assembly Daily Journal for the Regular Session for April 16, 1975, page 3380.

**REPORTS OF STANDING COMMITTEES****Committee on Ways and Means**

Assembly Chamber, April 17, 1975

Mr. Speaker. The Chairman of your Committee on Ways and Means reports:

AB No. 2

With author's amendments with the recommendation: Amend. and refer to the Committee on Ways and Means.

FORAN, Chairman

**SECOND READING OF BILLS—AUTHOR'S AMENDMENTS**

**Assembly Bill No. 2**—An act to add Part 14 (commencing with Section 37965) to Division 24 of the Health and Safety Code, relating to housing, and making an appropriation therefor.

Bill read second time.

**Consideration of Author's Amendments**

The following author's amendments, pursuant to the Assembly Rules, were read, and adopted:

**Amendment No 1**

On page 5, line 34 of the printed bill as amended in Assembly April 7, 1975, after "will", insert "provide for repayment of moneys appropriated by the act enacting this part and also"

**Amendment No 2**

On page 12 line 24 after the period insert "Such moneys shall constitute and be accounted for as advances to the department and a like amount shall be repaid to the General Fund in the State Treasury without interest, not later than January 1, 1986, from moneys in the California Mortgage Insurance Fund which are not required to meet obligations under contracts of insurance authorized by Part 64 (commencing with Section 37965) of Division 24 of the Health and Safety Code or to defray current operating expenses incurred by the Department of Housing and Community Development and its contracting agency in administering such provisions."

Bill ordered reprinted, and to be re-referred to the Committee on Ways and Means

**ADJOURNMENT**

At 4:19 p.m., Speaker McCarthy declared the Assembly adjourned until 9 a.m., Monday, April 21, 1975

LEO T. McCARTHY, Speaker

ANABEL FLEURY, Minute Clerk



## CALIFORNIA LEGISLATURE

1975-76 FIRST EXTRAORDINARY SESSION

**ASSEMBLY DAILY JOURNAL**

Thirty-third Legislative Day

Sixty-fourth Calendar Day

**IN ASSEMBLY**Assembly Chamber, Sacramento  
Monday, April 21, 1975

The Assembly met at 12 46 p m

Hon Leo T McCarthy, Speaker of the Assembly, presiding

Chief Clerk James D Driscoll at the Desk

Assistant Clerk Ray Monday reading

**ROLL CALL**

The roll was called, and the following answered to their names—75

Alatorre	Craven	Lancaster	Priolo
Antonovich	Cullen	Lauterman	Ralph
Arnett	Davis	Lewis	Robinson
Badham	Deddeh	Lockyer	Rosenthal
Bane	Dixon	MacDonald	Siegler
Bannai	Duffy	Maddi	Sieroty
Beiman	Egeland	McAlister	Stutt
Beverly	Fenton	McLennan	Thomas, William
Boatwright	Folan	McVittie	Thurman
Brown	Garamendi	Meale	Tories
Burke	Goggin	Miller	Tucker
Calvo	Greene	Mobley	Vasconcellos
Campbell	Gualco	Montoya	Vicena
Carpenter	Hart	Mori	Watten
Chacon	Hayden	Murphy	Wilson
Chapple	Ingalls	Nestande	Wornum
Chel	Kaploff	Ninmo	Zweig
Chimbole	Keone	Papan	Mr Speaker
Collier	Keyser	Perno	

Quorum present.

**PRAYER**

The following prayer was offered by the Chaplain, Father Leo McAllister:

*Lord, Make us always conscious of the rights of others. Especially in a pluralistic society help us carefully guard the primacy of the individual conscience.*

While we must respect these sacred rights and the tenets of our Constitution, however, do not let us draw the line of separation between religion and life, between the natural and the supernatural, as if they had nothing to do with each other, as if the rights of God were valueless in all the manifold realities of daily life, whether human or social.

This is sacred ground, Lord. We need Your help to tread it correctly.—AMEN

**PLEDGE OF ALLEGIANCE TO THE FLAG**

Upon request of Speaker McCarthy, Mr. Lockyer then led the Assembly in the pledge of allegiance to the Flag.

**MOTION TO DISPENSE WITH READING OF THE JOURNAL**

Further reading of the Journal of the previous legislative day was dispensed with on motion of Mr. Berman, seconded by Mr. Murphy.

**LEAVES OF ABSENCE FOR THE DAY**

The following Members were granted leaves of absence for the day, because of illness:

Mr. Cline, on request of Speaker McCarthy,

Mr. Vincent Thomas, on request of Speaker McCarthy.

The following Member was granted leave of absence for the day, on personal business, and desired to waive his per diem:

Mr. Knox, on request of Speaker McCarthy.

The following Member was granted leave of absence for the day, because of an illness in his family:

Mr. Briggs, on request of Speaker McCarthy.

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NOTE For letter explaining the absence of Mr. Briggs on this day, see Assembly Daily Journal for the Regular Session for this day.

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NOTE For letter explaining the absence of Mr. Cline on this day, see Assembly Daily Journal for the Regular Session for April 16, 1975, page 3380.

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**COMMUNICATIONS**

Assembly Chamber, April 21, 1975

Mr Speaker Pursuant to your instructions, the Chief Clerk has examined

AB No 2

And reports the same correctly engrossed

JAMES D DRISCOLL, Chief Clerk

Above bill re-referred to committee

**RECESS**

At 12 47 p m , Speaker McCarthy declared the Assembly recessed

**REASSEMBLED**

At 2 45 p m , the Assembly reconvened

Hon Leo T McCarthy, Speaker of the Assembly, presiding

**ADJOURNMENT**

At 2 46 p m , Speaker McCarthy declared the Assembly adjourned until 9 a m , Tuesday, April 22, 1975

LEO T McCARTHY, Speaker

ANABEL FLEURY, Minute Clerk





## CALIFORNIA LEGISLATURE

1975-76 FIRST EXTRAORDINARY SESSION

**ASSEMBLY DAILY JOURNAL**

Thirty-fourth Legislative Day

Sixty-fifth Calendar Day

**IN ASSEMBLY**Assembly Chamber, Sacramento  
Tuesday, April 22, 1975

The Assembly met at 9 48 a m

Hon Louis J Papan, Speaker pro Tempore of the Assembly, pre-  
siding

Chief Clerk James D Driscoll at the Desk

Assistant Clerk Ray Monday reading

**ROLL CALL**

The roll was called, and the following answered to their names—75

Alatorre	Claven	Knox	Pelmo
Antonovich	Collen	Lancaster	Priolo
Arnett	Davis	Lanterman	Ralph
Baillham	Deddeh	Lewis	Rosenthal
Bane	Dixon	Locker	Siegler
Bunna	Duffy	MacDonald	Sieroty
Beiman	Egeland	Maddy	Stutt
Beverly	Feuton	McAbster	Thomas, Wilham
Boatwright	Foan	McLennan	Thurman
Brown	Garamendi	McVittie	Tories
Burke	Goggin	Meade	Tucker
Calvo	Greene	Milner	Vasconcellos
Campbell	Gualco	Molloy	Vicente
Carpenter	Hart	Moutova	Watren
Chacon	Hayden	Mori	Wilson
Chappie	Ingalls	Morphy	Worum
Chel	Kaploff	Nestande	Zberg
Chimboe	Keene	Nunno	Mi Speaker
Collier	Keyser	Papan	

Quorum present

**REGULAR BUSINESS DISPENSED WITH**By unanimous consent, the regular order of business of the Assembly  
was dispensed with for this legislative day

**LEAVES OF ABSENCE FOR THE DAY**

The following Members were granted leaves of absence for the day, because of illness:

Mr. Cline, on request of Speaker pro Tempore Papan

Mr. Vincent Thomas, on request of Speaker pro Tempore Papan

The following Member was granted leave of absence for the day, on personal business, and desired to waive his per diem:

Mr. Robinson, on request of Speaker pro Tempore Papan

The following Member was granted leave of absence for the day, because of an illness in his family:

Mr. Briggs, on request of Speaker pro Tempore Papan

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NOTE: For letter explaining the absence of Mr. Cline on this day, see Assembly Daily Journal for the Regular Session for April 16, 1975, page 3380.

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NOTE: For letter explaining the absence of Mr. Briggs on this day, see Assembly Daily Journal for the Regular Session for April 21, 1975, page 3535.

**RECESS**

At 9:49 a.m., Speaker pro Tempore Papan declared the Assembly recessed.

**REASSEMBLED**

At 2:45 p.m., the Assembly reconvened.

Hon. Louis J. Papan, Speaker pro Tempore of the Assembly, presiding.

**ADJOURNMENT**

At 2:46 p.m., Speaker pro Tempore Papan declared the Assembly adjourned until 9 a.m., Wednesday, April 23, 1975.

LEO T. McCARTHY, Speaker

ANABEL FLEURY, Minute Clerk

## CALIFORNIA LEGISLATURE

1975-76 FIRST EXTRAORDINARY SESSION

**ASSEMBLY DAILY JOURNAL**

Thirty-fifth Legislative Day

Sixty-sixth Calendar Day

**IN ASSEMBLY**Assembly Chamber, Sacramento  
Wednesday, April 23, 1975

The Assembly met at 10 56 a m

Hon Pauline L Davis, Assistant Speaker pro Tempore, presiding

Chief Clerk James D Driscoll at the Desk

Assistant Clerk Ray Monday reading

**ROLL CALL**

The roll was called, and the following answered to their names—76

Alatorre	Craven	Knox	Ferino
Antonovich	Cullen	Lancaster	Friolo
Azzett	Davis	Lauterman	Ralph
Badham	Deddeh	Lewis	Robinson
Bane	Dixon	Loecker	Rosenthal
Banna	Duffy	MacDonald	Siegler
Berman	Egeland	Maddy	Sietov
Beverly	Fenton	McAlister	Stutt
Boatwright	Foran	McLennan	Thomas, William
Brown	Garamendi	McVittie	Thurman
Burke	Goggin	Mende	Tories
Calvo	Greene	Miller	Tucker
Campbell	Gualeo	Mobley	Vasconcellos
Carpenter	Hart	Montoya	Vicencia
Chacon	Hayden	Mori	Warren
Chappie	Ingalls	Murphy	Wilson
Chel	Kaploff	Nestande	Wornum
Chimboe	Keene	Nimmo	Z'berg
Collier	Keyser	Papan	Mr Speaker

Quorum present

**REGULAR BUSINESS DISPENSED WITH**

By unanimous consent, the regular order of business of the Assembly was dispensed with for this legislative day

**LEAVES OF ABSENCE FOR THE DAY**

The following Members were granted leaves of absence for the day, because of illness

Mr Cline, on request of Assistant Speaker pro Tempore Davis

Mr Vincent Thomas, on request of Assistant Speaker pro Tempore Davis.

The following Member was granted leave of absence for the day, because of an illness in his family

Mr Briggs, on request of Assistant Speaker pro Tempore Davis.

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NOTE For letter explaining the absence of Mr Cline on this day, see Assembly Daily Journal for the Regular Session for April 16, 1975, page 3380

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NOTE For letter explaining the absence of Mr Briggs on this day, see Assembly Daily Journal for the Regular Session for April 21, 1975, page 3535.

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**RECESS**

At 10 57 a m , Assistant Speaker pro Tempore Davis declared the Assembly recessed

**REASSEMBLED**

At 2 45 p m , the Assembly reconvened

Hon Pauline L Davis, Assistant Speaker pro Tempore of the Assembly, presiding

**ADJOURNMENT**

At 2 46 p m , Assistant Speaker pro Tempore Davis declared the Assembly adjourned until 1 30 p m , Thursday, April 24, 1975

LEO T McCARTHY, Speaker

ANABEL FLEURY, Minute Clerk

## CALIFORNIA LEGISLATURE

1975-76 FIRST EXTRAORDINARY SESSION

**ASSEMBLY DAILY JOURNAL**

Thirty-sixth Legislative Day

Sixty-seventh Calendar Day

**IN ASSEMBLY**

Assembly Chamber, Sacramento

Thursday, April 24, 1975

The Assembly met at 4:30 p.m.

Hon. Leo T. McCarthy, Speaker of the Assembly, presiding

Chief Clerk James D. Driscoll at the Desk

Assistant Clerk Ray Monday reading

**ROLL CALL**

The roll was called, and the following answered to their names—72

Alatorre	Clayton	Keyser	Papan
Antonovich	Cullen	Knox	Perino
Arnet	Davis	Launcester	Priolo
Badham	Desdich	Lauterman	Ralph
Bane	Dixon	Lewis	Robinson
Bannan	Duffy	Loekyer	Siegler
Benman	Egeland	MacDonald	Seruty
Boutwright	Fenton	Maddy	Stutt
Brown	Foran	McAlister	Thomas, William
Burke	Garamendi	McLennan	Thurman
Calvo	Goggin	McVittie	Torres
Campbell	Greene	Meade	Tucker
Carpenter	Gualco	Miller	Vasconcellos
Chacon	Hart	Mohley	Watten
Chappie	Hayden	Mori	Wilson
Chel	Ingalls	Murphy	Worrum
Chimbole	Kapiloff	Nestande	Zberg
Collier	Keene	Nimmo	Mr. Speaker

Quorum present.

**PRAYER**

The following prayer was offered, by the Chaplain, Father Leo McAllister:

*Father, We pray that the women and men of this chamber retain their individual characteristics, ideals and dreams*

*We pray that no one confuses equality with conformity, or becomes a mere appendix to a bureaucratic process.*

*The beauty and variety in our Golden State is the symbol of the individuality and creativity we hope and pray for in its people and its legislators —AMEN*

**PLEDGE OF ALLEGIANCE TO THE FLAG**

Upon request of Speaker McCarthy, Mr. Ralph then led the Assembly in the pledge of allegiance to the Flag

**MOTION TO DISPENSE WITH READING OF THE JOURNAL**

Further reading of the Journal of the previous legislative day was dispensed with on motion of Mr. Siegler, seconded by Mr. Calvo

**LEAVES OF ABSENCE FOR THE DAY**

The following Members were granted leaves of absence for the day, because of illness.

Mr. Clune, on request of Speaker McCarthy

Mr. Montoya, on request of Speaker McCarthy

Mr. Vincent Thomas, on request of Speaker McCarthy

Mr. Vicena, on request of Speaker McCarthy

The following Member was granted leave of absence for the day, on legislative business

Mr. Beverly, on request of Speaker McCarthy

The following Members were granted leaves of absence for the day, because of an illness in their family

Mr. Briggs, on request of Speaker McCarthy

Mr. Rosenthal, on request of Speaker McCarthy

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NOTE For letter explaining the absence of Mr. Beverly on this day on legislative business pursuant to the Assembly Rules, see Assembly Daily Journal for the Regular Session for this day

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NOTE For letter explaining the absence of Mr. Clune on this day, see Assembly Daily Journal for the Regular Session for April 16, 1975, page 3380.

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NOTE For letter explaining the absence of Mr. Briggs on this day, see Assembly Daily Journal for the Regular Session for April 21, 1975, page 3535.

**MESSAGES FROM THE SENATE**

Senate Chamber, April 24, 1975

Mr Speaker I am directed to inform your honorable body that the Senate on this day passed

SB No 4

DARRYL R WHITE, Secretary of the Senate  
By John W. Rovane, Chief Assistant Secretary

**FIRST READING AND REFERENCE OF SENATE BILLS**

The following bill was read the first time, and ordered held at the Desk

**Senate Bill No. 4**—An act to add Chapter 65 (commencing with Section 41600) to Part 3 of Division 31 of the Health and Safety Code, relating to housing, and making an appropriation therefor

**REFERENCE OF BILLS TO COMMITTEE**

Pursuant to the Assembly Rules, the following bill was referred to committee

*Senate  
Bill No*

*Committee*

4 ----- . . . Housing and Community Development

**ADJOURNMENT**

At 4 31 p m, Speaker McCarthy declared the Assembly adjourned until 9 a m, Monday, April 28, 1975

LEO T McCARTHY, Speaker

ANABEL FLEURY, Minute Clerk





## CALIFORNIA LEGISLATURE

1975-76 FIRST EXTRAORDINARY SESSION

**ASSEMBLY DAILY JOURNAL**

Thirty-seventh Legislative Day

Seventy-first Calendar Day

**IN ASSEMBLY**Assembly Chamber, Sacramento  
Monday, April 28 1975

The Assembly met at 11 45 a m

Hon Leo T McCarthy, Speaker of the Assembly, presiding

Chief Clerk James D Driscoll at the Desk

Assistant Clerk Ray Monday reading

**ROLL CALL**

The roll was called, and the following answered to their names-- 73

Alatorre	Davis	Lauterbach	Priolo
Antonovich	Dalbey	Lewis	Ralph
Arieff	Duffy	Lockyer	Robinson
Bane	Egeland	MacDonald	Rosenthal
Bannat	Fenton	Maddy	Siegel
Berman	Folan	McAnster	Sieroty
Beverly	Garomendi	McLennan	Sutt
Bontwright	Goggan	McVittie	Thomas William
Biggs	Guene	Meade	Thurman
Burke	Gualco	Miles	Torres
Calvo	Hart	Mobley	Tucker
Campbell	Hayden	Montoya	Vasconcellos
Carpenter	Ingalls	Mori	Vicenna
Chacon	Kaploff	Murphy	Watten
Chappie	Keene	Nestande	Wilson
Chel	Keyser	Nunno	Worrum
Chimble	Knos	Papan	Z betg
Collier	Lauterbach	Permo	Mr Speaker
Cullen			

Quorum present

**PRAYER**

The following prayer was offered by the Chaplain, Father Leo McAllister

*Father*, Make us equally aware of our responsibilities as we are of our rights. Give to each of us the ability to respond in proportion to the measure of talent we possess, the position which we hold, the legacy we have received from the past or to our prospects for the future. You once said, "But of every one to whom much has been given, much will be required." Give us the willingness to give each day, of our best, within our own sphere of endeavor, so that we too, may be builders of a better community, state, and nation—AMEN

**PLEDGE OF ALLEGIANCE TO THE FLAG**

Upon request of Speaker McCarthy, Mr Priolo then led the Assembly in the pledge of allegiance of the Flag

**MOTION TO DISPENSE WITH READING OF THE JOURNAL**

Further reading of the Journal of the previous legislative day was dispensed with on motion of Mr Berman, seconded by Mr Duffy

**LEAVES OF ABSENCE FOR THE DAY**

The following Members were granted leaves of absence for the day, because of illness

Mr Cline, on request of Speaker pro Tempore Papan  
 Mr Craven, on request of Speaker pro Tempore Papan  
 Mr Dixon, on request of Speaker pro Tempore Papan  
 Mr Vincent Thomas, on request of Speaker pro Tempore Papan

The following Members were granted leaves of absence for the day on personal business, and desired to waive their per diem

Mr Badham, on request of Speaker pro Tempore Papan  
 Mr Brown, on request of Speaker pro Tempore Papan

NOTE For letter explaining the absence of Mr Cline on this day, see Assembly Daily Journal for the Regular Session for April 16, 1975, page 3380

**RECESS**

At 11 47 a.m., Speaker McCarthy declared the Assembly recessed

**REASSEMBLED**

At 2 46 p.m. the Assembly reconvened  
 Hon Leo T. McCarthy, Speaker of the Assembly, presiding

**ADJOURNMENT**

At 2 47 p m , Speaker McCarthy declared the Assembly adjourned until 8 a m , Tuesday, April 29, 1975.

LEO T McCARTHY, Speaker

ANABEL FLEURY, Minute Clerk



## CALIFORNIA LEGISLATURE

1975-76 FIRST EXTRAORDINARY SESSION

**ASSEMBLY DAILY JOURNAL**

Thirty-eighth Legislative Day

Seventy-second Calendar Day

**IN ASSEMBLY**Assembly Chamber, Sacramento  
Tuesday, April 29, 1975

The Assembly met at 10 31 a m

Hon Louis J Papan, Speaker pro Tempore of the Assembly, pre-  
siding

Chief Clerk James D Driscoll at the Desk

Assistant Clerk Ray Monday reading

**ROLL CALL**

The roll was called, and the following answered to their names—73

Antonovich	Cullen	Lanterman	Piolo
Arnett	Davis	Lewis	Ralph
Badham	Deddeh	Lockyer	Robinson
Bare	Dixon	MacDonald	Rosenthal
Bannai	Duffy	Maddy	Siegler
Berman	Egeland	McAbster	Sieroty
Beverly	Feuton	McLennan	Sutt
Boatwright	Foran	McVittie	Thomas, William
Briggs	Goggin	Meade	Thurman
Burke	Greene	Miller	Tories
Calvo	Gunico	Mohley	Tucker
Campbell	Hart	Montoya	Vasconcellos
Carpenter	Havden	Mori	Vicencia
Chacon	Kapiloff	Murphy	Warren
Chapple	Keene	Nesfande	Wilson
Chel	Keyser	Nimmo	Worrum
Chimhole	Knox	Papan	Zibetg
Collier	Lancaster	Petino	Mr Speaker
Craven			

Quorum present

**REGULAR BUSINESS DISPENSED WITH**

By unanimous consent, the regular order of business of the Assembly was dispensed with for this legislative day.

**LEAVES OF ABSENCE FOR THE DAY**

The following Members were granted leaves of absence for the day, because of illness

Mr Alatorre, on request of Speaker pro Tempore Papan

Mr Cline, on request of Speaker pro Tempore Papan

Mr Vincent Thomas, on request of Speaker pro Tempore Papan

The following Member was granted leave of absence for the day, on personal business, and desired to waive his per diem

Mr Brown, on request of Speaker pro Tempore Papan

The following Member was granted leave of absence for the day, because of a death in his family

Mr Ingalls, on request of Speaker pro Tempore Papan

The following Member was excused for the day, and his per diem was waived

Mr Garamendi,

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NOTE For letter explaining the absence of Mr Ingalls on this day, see Assembly Daily Journal for the Regular Session for this day

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NOTE For letter explaining the absence of Mr Cline on this day, see Assembly Daily Journal for the Regular Session for April 16, 1975, page 3380

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**RECESS**

At 10 32 a m , Speaker pro Tempore Papan declared the Assembly recessed

**REASSEMBLED**

At 2 45 p m , the Assembly reconvened

Hon Louis J Papan, Speaker pro Tempore of the Assembly, presiding

**ADJOURNMENT**

At 2 46 p m , Speaker pro Tempore Papan declared the Assembly adjourned until 9 a m , Wednesday, April 30, 1975

LEO T McCARTHY, Speaker

ANABEL FLEURY, Minute Clerk

## CALIFORNIA LEGISLATURE

1975-76 FIRST EXTRAORDINARY SESSION

## ASSEMBLY DAILY JOURNAL

Thirty-ninth Legislative Day

Seventy-third Calendar Day

## IN ASSEMBLY

Assembly Chamber, Sacramento  
 Wednesday April 30, 1975

The Assembly met at 10 48 a m

Hon Louis J Papan, Speaker pro Tempore of the Assembly, presiding

Assistant Chief Clerk Robert Brian Kidney at the Desk

Assistant Clerk Ray Monday reading

## ROLL CALL

The roll was called, and the following answered to their names—74

Altorrie	Cullen	Laucaster	Piolo
Antonovich	Davis	Lauterman	Ralph
Amett	Deiddeh	Lewis	Robinson
Badham	Dixon	Lockyer	Rosenthal
Bane	Duffy	Mac Donald	Siegler
Bannar	Egeland	Maddy	Siebold
Berman	Fenton	McAlister	Swift
Beverly	Foran	McLennan	Thomas William
Boutwright	Garamendi	McVittie	Thurman
Bozgs	Goggin	Moade	Tories
Burke	Greene	Miller	Tucker
Cady	Guahro	Montoya	Vasconcellos
Campbell	Hart	Mou	Veneta
Carpenter	Hayden	Murphy	Warren
Chacon	Ingalls	Nestande	Wilson
Chel	Kapitoff	Nunna	Wouman
Chimhole	Keene	Papan	Zberg
Collier	Keysor	Petno	Mr Speaker
Claven	Knox		

Quorum present

## REGULAR BUSINESS DISPENSED WITH

By unanimous consent, the regular order of business of the Assembly was dispensed with for this legislative day.

**LEAVES OF ABSENCE FOR THE DAY**

The following Members were granted leaves of absence for the day, because of illness

Mr Cline, on request of Speaker pro Tempore Papan

Mr Vincent Thomas, on request of Speaker pro Tempore Papan

The following Members were granted leaves of absence for the day, on legislative business

Mr Chappie, on request of Speaker pro Tempore Papan

Mr Mobley, on request of Speaker pro Tempore Papan

The following Member was granted leave of absence for the day, on personal business, and desired to waive his per diem

Mr Brown, on request of Speaker pro Tempore Papan

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NOTE For letters explaining the absences of Messrs Chappie and Mobley on this day on legislative business pursuant to the Assembly Rules, see Assembly Daily Journal for the Regular Session for this day

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NOTE For letter explaining the absence of Mr Cline on this day, see Assembly Daily Journal for the Regular Session for April 16, 1975, page 3380

**RECESS**

At 10 49 a m , Speaker pro Tempore Papan declared the Assembly recessed

**REASSEMBLED**

At 2 45 p m , the Assembly reconvened

Hon Louis J Papan, Speaker pro Tempore of the Assembly, presiding

**ADJOURNMENT**

At 2 46 p m , Speaker pro Tempore Papan declared the Assembly adjourned until 1 p m , Thursday, May 1, 1975

LEO T McCARTHY, Speaker

ANABEL FLEURY, Mmute Clerk



## CALIFORNIA LEGISLATURE

1975-76 FIRST EXTRAORDINARY SESSION

**ASSEMBLY DAILY JOURNAL**FORTIETH LEGISLATIVE DAY  
SEVENTY-FOURTH CALENDAR DAY**IN ASSEMBLY**Assembly Chamber, Sacramento  
Thursday, May 1, 1975

The Assembly met at 4 16 p m

Hon Leo T McCarthy, Speaker of the Assembly presiding  
Assistant Chief Clerk R Brian Kidney at the Desk,  
Assistant Clerk Ray Monday reading**ROLL CALL**

The roll was called and the following answered to their names—72

Alatorre	Claven	Knob	Pardo
Antonovich	Cullen	Lancaster	Ralph
Arnett	Davis	Lanterman	Robinson
Badham	Deedeh	Lewis	Rosenthal
Bane	Duffy	Luckyet	Suclet
Bannai	Egeland	MacDonald	Sterov
Berman	Fenton	Maddy	Sutti
Beverly	Folan	McAlister	Thomas William
Bontwright	Garamendi	McVittie	Thurman
Briggs	Goggin	Moale	Tolias
Burke	Greene	Miller	Tucker
Calvo	Gualco	Montoya	Vasconcellos
Campbell	Hart	Morr	Vicencia
Carpenter	Hayden	Murphy	Wayten
Chacon	Ingalls	Nestande	Wilson
Chel	Kaploff	Nunne	Worrum
Chumbole	Keene	Pagan	Zberg
Collier	Keyser	Panno	Mr Speaker

Quorum present

**PRAYER**

Upon invitation of Speaker McCarthy, the following prayer was offered by Honorable Ken MacDonald, Member, 36th Assembly District

*Dear Heavenly Father,* We come before You today as men and women in the high and honorable calling of service to our fellow citizens. Help us to act and vote in a manner pleasing to Thy sight. Help us to repudiate our prejudices of race, religion and politics. Give us the wisdom to say less but think more and direct our energies to justify the confidence and respect of the citizens of California—AMEN.

**PLEDGE OF ALLEGIANCE TO THE FLAG**

Upon request of Speaker McCarthy, Mr. Vicencia then led the Assembly in the pledge of allegiance to the Flag.

**READING OF THE JOURNAL DISPENSED WITH**

By unanimous consent, reading of the Journal of the previous legislative day was dispensed with.

**LEAVES OF ABSENCE FOR THE DAY**

The following Members were granted leaves of absence for the day, because of illness:

Mr. Cline, on request of Speaker McCarthy  
 Mr. Dixon, on request of Speaker McCarthy  
 Mr. Vincent Thomas, on request of Speaker McCarthy

The following Members were granted leaves of absence for the day, on legislative business:

Mr. Chappie, on request of Speaker McCarthy  
 Mr. Mobley, on request of Speaker McCarthy

The following Members were granted leaves of absence for the day on personal business, and desired to waive their per diem:

Mr. Brown, on request of Speaker McCarthy  
 Mr. McLennan, on request of Speaker McCarthy

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NOTE: For letters explaining the absences of Messrs. Chappie and Mobley on this day on legislative business pursuant to the Assembly Rules, see Assembly Daily Journal for the Regular Session for April 30, 1975, page 4060.

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NOTE: For letter explaining the absence of Mr. Cline on this day, see Assembly Daily Journal for the Regular Session for April 16, 1975, page 3380.

**MESSAGES FROM THE SENATE**

Senate Chamber, May 1, 1975

Mr. Speaker, I am directed to inform your honorable body that the Senate on this day passed:

Senate Bill No. 2

DARRYL R. WHITE, Secretary of the Senate  
 By John W. Rovane, Chief Assistant Secretary

**FIRST READING AND REFERENCE OF SENATE BILLS**

The following bill was read the first time, and ordered held at the Desk:

**Senate Bill No. 2**—An act to amend Sections 11552, 11556, 16522, and 53651 of the Government Code, to add Division 31 (commencing with Section 41000) to, and to repeal Part 8 (commencing with Section 37000) of Division 24 of, the Health and Safety Code, and to repeal

Section 8 of Chapter 1222 of the Statutes of 1965, relating to housing and making an appropriation therefor, and providing for the preparation, issuance, and sale of state bonds to create a fund to be used by the California Housing Finance Agency to make loans for financing housing developments, and providing for the submission of the bond measure to the people at a special election to be consolidated with the 1976 direct primary election

**REFERENCE OF BILLS TO COMMITTEE**

Pursuant to the Assembly Rules, the following bill was referred to committee:

*Senate*

*Bill No*

**2**

*Committee*

Housing and Community Development

**ADJOURNMENT**

At 4.18 p m, Speaker McCarthy declared the Assembly adjourned until 9 a m, Monday, May 5, 1975

LEO T McCARTHY, Speaker

ANABEL FLEURY, Minute Clerk



## CALIFORNIA LEGISLATURE

1975-76 FIRST EXTRAORDINARY SESSION

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**ASSEMBLY DAILY JOURNAL**

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FORTY-FIRST LEGISLATIVE DAY  
SEVENTY-EIGHTH CALENDAR DAY

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**IN ASSEMBLY**

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Assembly Chamber, Sacramento  
Monday, May 5, 1975The Assembly met at 11 36 a m  
Hon Leo T McCarthy, Speaker of the Assembly, presiding  
Chief Clerk James D Driscoll at the Desk  
Assistant Clerk Ray Monday reading.**ROLL CALL**

The roll was called, and the following answered to their names—75

Alatorre	Collier	Lancaster	Piolo
Antonovich	Cullen	Lauterman	Ralph
Arnett	Davis	Lewis	Robinson
Badham	Deddeh	Lockyer	Rosenthal
Bane	Dixon	MacDonald	Sugler
Bannai	Duffy	Maddy	Suroty
Beiman	Egeland	McAister	Sutt
Bevely	Fenton	McLennan	Thomas, William
Bontwright	Folan	McVittie	Thurman
Biggs	Garamendi	Meade	Torres
Burke	Goggin	Miller	Tucker
Calvo	Green	Mobley	Vasconcellos
Campbell	Guilco	Mouton	Vicencia
Carpenter	Hart	Mori	Watten
Chacon	Hayden	Murphy	Wilson
Chappie	Ingalls	Nestande	Worrum
Chel	Kaploff	Nimmo	Zberg
Chimbole	Keene	Papan	Mr Speaker
Cluc	Keysor	Perino	

Quorum present.

**PRAYER**

The following prayer was offered by the Chaplain, Father Leo McAllister

*Father,* As we begin another week, we ask You to enliven us with a sense of hope and a sense of optimism

Like the morning blossom opening to welcome all that the day may give of brightness and warmth, give each of us an open mind and an open heart

For, if we may quote from the words of Paracelsus, "He who knows nothing, loves nothing. He who can do nothing understands nothing. He who understands nothing is worthless. But he who understands also loves, notices, sees. The more knowledge is inherent in a thing the greater the love. Anyone who imagines that all fruits ripen at the same time as the strawberries knows nothing about grapes"—AMEN

**PLEDGE OF ALLEGIANCE TO THE FLAG**

Upon request of Speaker McCarthy, Mr. Calvo then led the Assembly in the pledge of allegiance to the Flag

**MOTION TO DISPENSE WITH READING OF THE JOURNAL**

By unanimous consent further reading of the Journal of the previous legislative day was dispensed with

**LEAVES OF ABSENCE FOR THE DAY**

The following Members were granted leaves of absence for the day because of illness

Mr. Craven, on request of Speaker McCarthy

Mr. Vincent Thomas, on request of Speaker McCarthy

The following Members were granted leaves of absence for the day, on personal business, and desired to waive their per diem

Mr. Brown, on request of Speaker McCarthy

Mr. Knox, on request of Speaker McCarthy

**RECESS**

At 11:37 a.m., Speaker McCarthy declared the Assembly recessed

**REASSEMBLED**

At 2:45 p.m., the Assembly reconvened

Hon. Leo T. McCarthy, Speaker of the Assembly, presiding

**ADJOURNMENT**

At 2:46 p.m., Speaker McCarthy declared the Assembly adjourned until 9 a.m., Tuesday, May 6, 1975

LEO T. MCCARTHY, Speaker

ANABEL FLEURY, Minute Clerk

## CALIFORNIA LEGISLATURE

1975-76 FIRST EXTRAORDINARY SESSION

**ASSEMBLY DAILY JOURNAL**

FORTY-SECOND LEGISLATIVE DAY

SEVENTY-NINTH CALENDAR DAY

**IN ASSEMBLY**

Assembly Chamber, Sacramento  
 Tuesday, May 6, 1975

The Assembly met at 10 23 a m

Hon Tom Suitt, Member of the Assembly, 75th District, presiding

Chief Clerk James D Driscoll at the Desk

Assistant Clerk Ray Monday reading

**ROLL CALL**

The roll was called, and the following answered to their names—74.

Alatorre	Collier	Lanteiman	Priolo
Antonovich	Cullen	Lewis	Ralph
Arnett	Davis	Lockyer	Robinson
Badham	Deddeh	MacDonald	Rosenthal
Bane	Dixon	Maddy	Siegler
Bannai	Duffy	McAstra	Sherov
Berman	Egeland	McLennan	Suitt
Beverly	Fenton	McVittie	Thomas, William
Bontwright	Foian	Moade	Thurman
Briggs	Goggin	Miller	Toures
Bulke	Greene	Mohler	Tucker
Calvo	Gualco	Mantova	Vasconcellos
Campbell	Hart	Mori	Vicencia
Carpenter	Hayden	Murphy	Warren
Chacon	Ingalls	Nestande	Wilson
Chappie	Kapiloff	Nimmo	Woinum
Chel	Keene	Papan	Zberg
Chumbole	Keyser	Perino	Mi Speaker
Cline	Launceston		

Quorum present.

**REGULAR BUSINESS DISPENSED WITH**

By unanimous consent, the regular order of business of the Assembly was dispensed with for this legislative day.

**LEAVES OF ABSENCE FOR THE DAY**

The following Members were granted leaves of absence for the day, because of illness

Mr Craven, on request of Acting Speaker Sutt

Mr Vincent Thomas, on request of Acting Speaker Sutt

The following Members were granted leaves of absence for the day on personal business, and desired to waive their per diem

Mr Brown, on request of Acting Speaker Sutt

Mr Knox, on request of Acting Speaker Sutt

The following Member was excused for the day, and his per diem was waived

Mr. Garamendi.

**RECESS**

At 10 24 a m , Acting Speaker Sutt declared the Assembly recessed

**REASSEMBLED**

At 2 45 p m , the Assembly reconvened

Hon Tom Sutt, Member of the Assembly, 75th District, presiding

**ADJOURNMENT**

At 2 46 p m , Acting Speaker Sutt declared the Assembly adjourned until 9 a m , Wednesday, May 7, 1975

LEO T McCARTHY, Speaker

ANABEL FLEURY, Minute Clerk



## CALIFORNIA LEGISLATURE

1975-76 FIRST EXTRAORDINARY SESSION

## ASSEMBLY DAILY JOURNAL

FORTY-THIRD LEGISLATIVE DAY  
EIGHTIETH CALENDAR DAY

## IN ASSEMBLY

Assembly Chamber, Sacramento  
Wednesday, May 7, 1975

The Assembly met at 10 23 a m  
Hon Louis J Papan, Speaker pro Tempore of the Assembly, presiding

Chief Clerk James D Driscoll at the Desk  
Assistant Clerk Ray Monday reading

## ROLL CALL

The roll was called, and the following answered to their names—73

Alatorre	Collier	Keenan	Perino
Antonovich	Cullen	Lancaster	Priolo
Arnett	Davis	Lanterman	Ralph
Badham	DeSole	Lewis	Rosenthal
Bane	Dixon	Lockyer	Siegler
Banna	Duffy	McDonald	Sieroty
Berman	Egeland	Mukia	Surt
Beverly	Fenton	McAbster	Thomas, William
Boatwright	Forn	McVittie	Thurman
Biggs	Garamendi	Meade	Torres
Burke	Goggin	Millet	Tudlet
Calvo	Greene	Mobley	Vasconcellos
Campbell	Gualeo	Moutoua	Vicencia
Carpenter	Hart	Mori	Warren
Chacon	Hayden	Murphy	Wilson
Chapple	Ingalls	Nestande	Worrum
Chel	Kapiloff	Ninno	Z'berg
Chimbole	Keene	Papan	Mr Speaker
Clune			

Quorum present

## REGULAR BUSINESS DISPENSED WITH

By unanimous consent, the regular order of business of the Assembly was dispensed with for this legislative day.

**LEAVES OF ABSENCE FOR THE DAY**

The following Members were granted leaves of absence for the day, because of illness

Mr Craven, on request of Speaker pro Tempore Papan

Mr Robinson, on request of Speaker pro Tempore Papan

Mr Vincent Thomas, on request of Speaker pro Tempore Papan

The following Members were granted leaves of absence for the day, on personal business, and desired to waive their per diem

Mr Brown, on request of Speaker pro Tempore Papan

Mr Knox, on request of Speaker pro Tempore Papan

Mr McLennan, on request of Speaker pro Tempore Papan

**RECESS**

At 10 24 a m, Speaker pro Tempore Papan declared the Assembly recessed.

**REASSEMBLED**

At 2 45 p m, the Assembly reconvened

Hon Louis J. Papan, Speaker pro Tempore of the Assembly, presiding.

**ADJOURNMENT**

At 2 46 p m, Speaker pro Tempore Papan declared the Assembly adjourned until 1 p m, Thursday, May 8, 1975

LEO T. McCARTHY, Speaker

ANABEL FLEURY, Minute Clerk

## CALIFORNIA LEGISLATURE

1975-76 FIRST EXTRAORDINARY SESSION

**ASSEMBLY DAILY JOURNAL**FORTY-FOURTH LEGISLATIVE DAY  
EIGHTY-FIRST CALENDAR DAY**IN ASSEMBLY**Assembly Chamber Sacramento  
Thursday May 8, 1975

The Assembly met at 4:49 p.m.

Hon. Leo T. McCarthy, Speaker of the Assembly, presiding

Chief Clerk James D. Driscoll at the Desk

Assistant Clerk Ray Monday reading

**ROLL CALL**

The roll was called, and the following answered to their names—76

Alfonse	Chine	Keenan	Perno
Antonovich	Collier	Lancaster	Piolo
Arnett	Cullen	Lauterman	Ralph
Badham	Davis	Lewis	Robinson
Bane	Deddeh	Lockyer	Rosenthal
Bannai	Dixon	MacDonald	Sigler
Berman	Duffy	Maddy	Sierota
Beverly	Egeland	McAlister	Sutt
Boatwright	Fenton	McComan	Thomas, William
Briggs	Foran	McVittie	Thurman
Brown	Garamendi	Meade	Torres
Burke	Goggin	Miller	Tucker
Calvo	Groene	Mobley	Vasconcellos
Campbell	Guasco	Montoya	Venencia
Carpenter	Hart	Murr	Warren
Chacon	Hayden	Murphy	Wilson
Chappie	Ingalls	Nestande	Worrum
Chel	Kaploff	Nunno	Zberg
Chmbole	Keene	Papan	Mr. Speaker

Quorum present

**PRAYER**

Upon invitation of Speaker McCarthy, the following prayer was offered by Honorable Robert H. Burke, Member, 73rd District:

*Dear Heavenly Father,* We pray for Your blessings this day on this body, and we ask that You guide us with Your wisdom as we deliberate on the important decisions that face us. We admit our weaknesses and our desire to serve ourselves rather than You, Lord.

Give us the strength to overcome those worldly attractions that offer temporary pleasure, and reveal to each of us Your way, that we might know the Truth, and be led by the Light of Your unbounded wisdom. Thank You, Lord, for Your love. In Jesus' Name we pray—AMEN.

**PLEDGE OF ALLEGIANCE TO THE FLAG**

Upon request of Speaker McCarthy, Mr. Collier then led the Assembly in the pledge of allegiance to the Flag.

**MOTION TO DISPENSE WITH READING OF THE JOURNAL**

Further reading of the Journal of the previous legislative day was dispensed with on motion of Mr. Dixon, seconded by Mr. Calvo.

**LEAVES OF ABSENCE FOR THE DAY**

The following Members were granted leaves of absence for the day, because of illness:

Mr. Craven, on request of Speaker McCarthy.

Mr. Vincent Thomas, on request of Speaker McCarthy.

The following Member was granted leave of absence for the day, on personal business, and desired to waive his per diem:

Mr. Knox, on request of Speaker McCarthy.

**AUTHOR'S AMENDMENTS****Committee on Housing and Community Development**

Assembly Chamber, May 8, 1975

Mr. Speaker: The Chairman of your Committee on Housing and Community Development reports:

Senate Bill No. 2

Senate Bill No. 4

With author's amendments with the recommendation: Amend and re-refer to the Committee on Housing and Community Development.

CHACON, Chairman

**Senate Bill No. 2**—An act to amend Sections 11552, 11556, 16522, and 53651 of the Government Code, to add Division 31 (commencing with Section 41000) to, and to repeal Part 8 (commencing with Section 37000) of Division 24 of, the Health and Safety Code, and to repeal Section 8 of Chapter 1222 of the Statutes of 1965, relating to housing, and making an appropriation therefor, and providing for the preparation, issuance, and sale of state bonds to create a fund to be used by the California Housing Finance Agency to make loans for financing housing developments, and providing for the submission of the bond measure to the people at a special election to be consolidated with the 1976 direct primary election.

Bill read second time.

**Consideration of Author's Amendments**

The following author's amendments, pursuant to the Assembly Rules, were read, and adopted:

**Set No. 1****Amendment 1**

On page 16, line 23, of the printed bill, as amended in Senate April 29, 1975, strike out "avail", and insert "to avail."

**Amendment 2**

On page 16, line 39, after "program", insert "created pursuant to rules and regulations of the agency".

**Amendment 3**

On page 17, line 7, after "program", insert "approved by the agency that is designed"

**Amendment 4**

On page 17, line 23 after "the", insert "United States"

**Amendment 5**

On page 17, line 40, after the semicolon, insert "or"

**Amendments 6-8**

On page 18, line 1, strike out "part", and insert "division"

**Amendment 9**

On page 18, line 22, after "entity", insert "that is approved by the agency as sufficient"

**Amendment 10**

On page 18, line 40, after "proposed", insert "participating concentrated"

**Amendment 11**

On page 20, line 20, after the second comma, insert "to"

**Amendment 12**

On page 20, line 40, strike out "cash outlay required for", and insert "total cost of"

**Amendment 13**

On page 21, line 28, strike out "Guaranteed", and insert "Guaranteed taxable bonds"

**Amendment 14**

On page 22, line 39, after "which", insert "the agency determines"

**Amendments 15-17**

On page 23, line 11, strike out "board", and insert "agency"

**Amendment 18**

On page 24, line 10, strike out the first "the", and insert "an"

**Amendment 19**

On page 25, line 9, strike out "building", and insert "housing development"

**Amendment 20**

On page 25, line 10, strike out "building", and insert "housing development"

**Amendment 21**

On page 28, line 21, strike out "The first", strike out lines 22 to 24, inclusive, and insert "Housing subsidies shall be first allocated to the agency. Only after the Secretary of the Business and Transportation Agency has determined that the agency has sufficient subsidies for its purposes may housing subsidies be allocated to other divisions of state government"

**Amendment 22**

On page 31, line 8, strike out "federal housing"

**Amendment 23**

On page 31, line 11, strike out "the", and insert "any such"

**Amendment 24**

On page 36, line 13, after "entities", insert " , as defined in Section 7260 of the Government Code."

**Amendment 25**

On page 36, line 17, after "to", insert "such"

**Amendment 26**

On page 36, line 21, after "require", insert "such"

**Amendment 27**

On page 43, line 21, after the period, insert "The agency constitutes a public instrumentality and a political subdivision of the state, and the exercise by the agency of the powers conferred by this division shall be deemed and held to be the performance of an essential public function"

**Amendment 28**

On page 48, between lines 37 and 38, insert

"Actions of the board may be taken only by a concurrence of a majority of the entire membership thereof"

**Amendment 29**

On page 51, line 9, strike out "However.", and strike out lines 10 to 20, inclusive, and insert "This division shall be deemed to provide a complete, additional, and alternative method for doing the things authorized thereby, and shall be regarded as supplemental and additional to powers conferred by other laws, provided, that the issuance of bonds and refunding bonds under the provisions of this part need not comply with the requirements of any other law applicable to the issuance of bonds, and provided, that in the construction and acquisition of a project pursuant to the provisions of this division the agency need not comply with the requirements of any other law applicable to construction or acquisition of public works except as specifically provided in this division. However, the"

**Amendment 30**

On page 51, line 22, strike out "to which a housing sponsor is a party", and insert "for the construction or rehabilitation of housing developments".

**Amendment 31**

On page 54, line 9, after "costs", insert "or to service bonds of the agency".

**Amendment 32**

On page 56, lines 13 and 14, strike out "modification of any agreement with bondholders", and insert "any agreements with holders of particular bonds"

**Amendment 33**

On page 56, lines 14 and 15, strike out "principal and interest from".

**Amendment 34**

On page 56, line 28, strike out "To", and insert "Subject to any agreements with holders of particular bonds, and to".

**Amendment 35**

On page 56, line 32, strike out "Such", and insert "Subject to such agreements, such"

**Amendment 36**

On page 57, between lines 3 and 4, insert

"With respect to deposit of moneys in the fund pursuant to this section, the agency may require that any collateral provided on account thereof be lodged with a bank or trust company located in the state designated by the agency as custodian therefor. In the absence of such requirement the depository shall, if collateral is to be provided for the loan or securities purchased, upon receipt of the proceeds from the agency, enter into an agreement with the agency containing such provisions as the agency shall deem necessary to adequately identify and maintain such collateral and service the same and shall provide that such depository shall hold such collateral as an agent for the agency and shall be held accountable as the trustee of an express trust for the application and disposition thereof and the income therefrom solely to the uses and purposes in accordance with the provisions of such agreement. A copy of each such agreement and any revisions or supplements thereto shall be filed with the Secretary of State and no further filing or other action under the California Uniform Commercial Code or any other law of the state shall be required to perfect the security interest of the agency in such collateral or any additions thereto or substitutions therefor, and the lien and trust for the benefit of the agency so created shall be binding from and after the time made against all parties having claims of any kind in tort, contract, or otherwise against such depository."

**Amendment 37**

On page 58, line 25, strike out "All", and insert "Subject to any agreements with holders of particular bonds, all"

**Amendment 38**

On page 58, line 31, after "agency", insert "to make additional loans or"

**Amendment 39**

On page 60, line 4, after "in", insert "real"

**Amendment 40**

On page 61, line 8, after "loan", insert ", loan-guarantee,"

**Amendment 41**

On page 62, lines 2 and 3, strike out "Wherever possible the", and insert "The".

**Amendment 42**

On page 62, line 27, after "principal", insert ", redemption price of,"

**Amendment 43**

On page 63, line 7, strike out "part", and insert "division"

**Amendment 44**

On page 63, line 32, after "any", insert "owner-occupied"

**Amendment 45**

On page 63, line 37, strike out "part", and insert "division".

**Amendment 46**

On page 63, line 30 strike out "agencies", and insert "entities"

**Amendments 47-49**

On page 66, line 33, strike out "to", and insert "for the purpose of developing"

**Amendment 50**

On page 69, line 28, strike out "Loans", and insert "Mortgage loans"

**Amendment 51**

On page 69, line 29, after "unless", insert "the agency determines that"

**Amendment 52**

On page 71, line 19, strike out "occupants", and insert "tenants"

**Amendment 53**

On page 71, line 24, strike out "Any", and insert "Income from"

**Amendment 54**

On page 73, line 1, after "for", insert "the regulation of"

**Amendment 55**

On page 75, line 27, strike out "sufficient", and insert "adequate"

**Amendment 56**

On page 75, line 32, strike out "sufficient", and insert "adequate"

**Amendment 57**

On page 77, line 15, strike out "part", and insert "division"

**Amendment 58**

On page 77, line 19, strike out "part", and insert "division"

**Amendment 59**

On page 79, line 10, after "application", insert "for a loan or grant"

**Amendment 60**

On page 80, line 9, strike out "the local housing agent", and insert "both the local housing agent and the agency"

**Amendment 61**

On page 87, lines 6 and 7, strike out "one-half of the authorization for nonguaranteed bonds", and insert "one hundred fifty million dollars (\$150,000,000)"

**Amendment 62**

On page 88, line 6, strike out "that", strike out lines 7 and 8, and insert "pursuant to Section 41713"

**Amendment 63**

On page 88, strike out lines 9 to 16, inclusive

**Amendment 64**

On page 88, lines 29 and 30, strike out "payable in annual installments"

**Amendment 65**

On page 89, line 1, after "sold", insert "at public or private sale"



**Amendment 65.5**

On page 89, line 15, strike out "noteholders or"

**Amendment 66**

On page 90, line 36, strike out "such notes or"

**Amendment 67**

On page 91, line 33, strike out "an indenture", and insert "a resolution"

**Amendment 68**

On page 91, line 34, strike out "received from a project in a" and insert "pledged for the security of such bonds in one or more"

**Amendment 69**

On page 91, line 35, strike out "account" and insert "accounts"

**Amendment 70**

On page 91, line 37, strike out "fund", and insert "accounts"

**Amendment 71**

On page 91, line 38, strike out "indenture", and insert "resolution"

**Amendment 72**

On page 92, line 7, strike out "corporation", and insert "agency"

**Amendment 73**

On page 93, line 26, after "reserve", insert "fund"

**Amendment 74**

On page 93, line 33, strike out "incremental", and insert "increment"

**Amendment 75**

On page 97, strike out lines 2 to 14 inclusive, and insert "part shall not be deemed to constitute a debt or liability of the state or of any political subdivision thereof other than the agency or a pledge of the faith and credit of the state or of any such political subdivision other than the agency, but shall be payable solely from funds hereto provided therefor. All such bonds shall contain on the face thereof a statement to the following effect: "Neither the faith and credit nor the taxing power of the State of California is pledged to the payment of the principal of or interest on this bond"

The issuance of bonds under the provisions of this part shall not directly or indirectly or contingently obligate the state or any political subdivision thereof to levy or to pledge any form of taxation whatever therefor or to make any appropriation for their payment. Nothing contained in this section shall prevent or be construed to prevent the agency from pledging its full faith and credit to the payment of bonds or issue of bonds authorized pursuant to this part"

**Set No. 2****Amendment 1**

On page 13, strike out lines 3 to 7, inclusive

**Amendment 2**

On page 13, line 8, strike out "(b)" and insert "(a)".

**Amendment 3**

On page 13, line 11, strike out "(c)", and insert "(b)".

**Amendment 4**

On page 13, line 14, strike out "(d)", and insert "(c)".

**Amendment 5**

On page 13, line 18, strike out "(e)", and insert "(d)".

**Amendment 6**

On page 17, line 20, strike out "develop", and insert "adopt".

**Amendment 7**

On page 18, line 5, strike out "the", and insert "an".

**Amendment 8**

On page 18, line 6, strike out "determined by the agency to be".

**Amendment 9**

On page 18, line 7, after "obligations", insert "reserve requirements,".

**Amendment 10**

On page 18, line 8, strike out "mortgage for which an", strike out lines 9 to 11, inclusive, and insert "loan financed by the agency for which such interest rate is established, as determined by the agency pursuant to its rules and regulations at the time of commitment of funds".

**Amendment 11**

On page 18, line 23, strike out "rehabilitation assistance financed", and insert "financing assistance".

**Amendment 12**

On page 18, line 26, strike out "rehabilitation", and insert "financing".

**Amendment 13**

On page 18, line 30, strike out the second "the", and insert "an".

**Amendment 14**

On page 18, line 31, after "designation", insert "as a participating concentrated rehabilitation area".

**Amendments 15-16**

On page 18, line 37, strike out "rehabilitation", and insert "financing".

**Amendment 17**

On page 19, line 7, strike out "rehabilitation", and insert "financing".

**Amendment 18**

On page 19, line 8, strike out "(4)".

**Amendments 19-20**

On page 20, line 12, after the period, insert "Development costs for rehabilitation may include, in addition to the cost of rehabilitation, the cost of general improvements to the structure not in excess of 20 percent of the total rehabilitation cost, except that up to 40 percent may be included in the case of owner-occupied housing developments."

**Amendment 21**

On page 22, line 25, after the period, insert "'Housing development' also means housing rehabilitated with financing provided pursuant to this division whether or not occupancy will change as an incident to such rehabilitation, but exclusive of housing rehabilitated through neighborhood improvement loans."

**Amendment 22**

On page 22, line 39, strike out "child/day-care", and insert "child-care".

**Amendment 23**

On page 23, line 17, after "development", insert a comma

**Amendment 24**

On page 23, strike out lines 18 to 20, inclusive, and insert "other than a nonprofit sponsor or local public entity."

**Amendment 25**

On page 24, line 2, strike out "loans for rehabilitation, the", and insert "neighborhood improvement loans, an"

**Amendment 26**

On page 24, line 5, strike out the second comma

**Amendment 27**

On page 24, line 9, strike out "rehabilitation", and insert "neighborhood improvement".

**Amendment 28**

On page 24, line 29, after "financing", insert ", including refinancing of existing mortgage obligations as authorized by regulation of the agency,"

**Amendment 29**

On page 24, between lines 36 and 37, insert "41053.5 "Neighborhood improvement loan" means a loan made for rehabilitation and improvement of a structure in a participating concentrated rehabilitation area or participating mortgage funds assistance area pursuant to Section 41554."

**Amendment 30**

On page 25, line 2, after "cooperative", insert "housing"

**Amendment 31**

On page 25, strike out lines 3 and 4, and on line 5, strike out "Code or any other corporation", and insert ", as defined in subdivision (a) of Section 17265 of the Revenue and Taxation Code,".

**Amendment 32**

On page 25, strike out lines 6 and 7, and insert "agency as"

**Amendment 33**

On page 25, line 11, after "is", insert "or will be"

**Amendment 34**

On page 26, line 1, after "income", insert "as estimated by the agency from time to time".

**Amendment 35**

On page 26, line 5, strike out "obsolete", and insert "too low, in a particular geographic area, to qualify persons and families of low or moderate income for occupancy of newly constructed housing developments".

**Amendment 36**

On page 26, line 7, after the period, insert "Nothing in this section shall prevent the agency from adopting federal estimates of area median income and adjustments for family size as income limitations for persons and families of low or moderate income"

**Amendment 37**

On page 26, line 10, strike out the first comma

**Amendment 38**

On page 26, strike out lines 39 and 40, and on page 27, strike out lines 1 to 10, inclusive

**Amendment 39**

On page 27, between lines 26 and 27, insert "41065 5 "Structure" means a real property improvement used, or intended to be used, for residential or mixed residential and commercial purposes, or for commercial purposes if, in the judgment of the agency, it is an integral part of a residential neighborhood"

**Amendment 40**

On page 32, line 33, strike out "nonmetropolitan", and insert "all areas outside metropolitan areas (which may be divided into one or more multicounty areas by the department)".

**Amendment 41**

On page 32, line 36, strike out "Sections 41054 and", and insert "Section".

**Amendment 42**

On page 33, line 5, after "present", insert "for each county, area, and region".

**Amendment 43**

On page 34, strike out lines 13 and 14, and insert "Section 41126"

**Amendment 44**

On page 37, line 16, strike out "the financing", and insert "identifying geographic housing market areas requiring financing for purchase or rehabilitation".

**Amendment 45**

On page 37, line 17, strike out "identifiable", and insert "identifying".

**Amendment 46**

On page 43, line 27, strike out "and seven", and insert "five"

**Amendment 47**

On page 43, line 28, after "Governor", insert "one member appointed by the Senate Rules Committee, and one member appointed by the Speaker of the Assembly"

**Amendment 48**

On page 44, line 6, after the period, insert "At least one of such members appointed by the Governor shall be a resident of a rural or nonmetropolitan area"

**Amendment 49**

On page 45, line 6, after "board", insert "appointed by the Senate Rules Committee or Speaker of the Assembly"

**Amendment 50**

On page 49, strike out lines 9 to 35, inclusive, and insert  
 "41332 In meeting the housing needs of persons and families of low or moderate income not less than 30 percent of the units financed by mortgage loans and neighborhood improvement loans pursuant to this part shall be available to, or occupied by, very-low-income households at affordable rents, unless it is not possible to obtain subsidies necessary to meet such requirement. No development loan, neighborhood improvement loan, or construction loan shall be made pursuant to this part if the agency determines that its ability to utilize currently available subsidies to meet the requirements of this section would be jeopardized thereby.

41332.5 The agency shall also seek to attain the following objectives:

(a) Acquisition of the maximum amount of funds available for subsidies for the benefit of very-low-income households occupying units financed pursuant to this part."

**Amendment 51**

On page 52, line 18, after "color", insert a comma.

**Amendment 52**

On page 61, line 16, after the second comma, insert "neighborhood improvement loans,"

**Amendment 53**

On page 61, line 24, after the comma, insert "and"

**Amendment 54**

On page 61, line 26, after the period, insert "The agency may, in conjunction with a construction loan, set aside a reserve to provide improvement security required under subdivision (c) of Section 66462 and Chapter 5 (commencing with Section 66499) of Division 2 of Title 7 of the Government Code, which shall be in lieu of improvement security otherwise required by such provisions."

**Amendment 55**

On page 62, line 37, after "to", insert "persons and families of low or moderate income,".

**Amendment 56**

On page 62, line 37, after "sponsors", insert a comma

**Amendment 57**

On page 64, line 33, strike out "an impartial", and insert "a"

**Amendment 58**

On page 64, line 35, after "held", insert "by an impartial individual or panel selected or approved by the agency"

**Amendment 59**

On page 65, line 33, strike out "by a housing sponsor which is", strike out line 34, and in line 35 strike out "single-unit", and insert "of an owner-occupied"

**Amendment 60**

On page 65, line 38, strike out "purchase", and insert "sale"

**Amendment 61**

On page 65, line 39, after "development" insert "pursuant to Section 41398, not in excess of appraised value"

**Amendment 62**

On page 66, line 18, strike out "guaranteed", and insert "guarantee".

**Amendment 63**

On page 66, strike out lines 34 to 40, inclusive

**Amendment 64**

On page 68, lines 20 and 21, strike out "construction loan obligations, mortgage loan obligations", and insert "construction loans, mortgage loans, obligations secured by construction loans or mortgage loans".

**Amendment 65**

On page 68, lines 23 and 24, strike out "Such construction loan obligations or mortgage loan obligations", and insert "The construction loan or mortgage loan purchased, assigned, or serving as security."

**Amendment 66**

On page 68, lines 28 and 29, strike out "construction loan obligations or mortgage loan obligations", and insert "construction loans, mortgage loans, obligations secured by construction loans or mortgage loans, or participations therein"

**Amendment 67**

On page 68, lines 30 and 31, strike out "construction loan obligations or mortgage loan obligations", and insert "such loans, obligations, and participations"

**Amendment 68**

On page 68, line 34, after "any", insert "residential mortgage or any"

**Amendment 69**

On page 68, line 34, after "a", insert "residential".

**Amendment 70**

On page 68, line 36, after the first "obligations" insert "residential mortgages, or participations"

**Amendment 71**

On page 69, strike out lines 23 to 27, inclusive

**Amendment 72**

On page 72, between lines 3 and 4 insert  
 "(e) Regulate the terms of occupancy agreements to be used in housing developments financed under this chapter"

**Amendment 73**

On page 72, line 37 strike out "limited dividend"

**Amendment 74**

On page 72, line 38, after "rental", insert "or cooperative"

**Amendment 75**

On page 73 line 1, after the second "of", insert "profit. A limited-dividend housing sponsor of a rental housing development receiving a mortgage loan pursuant to this part shall enter into an agreement including limitation of"

**Amendment 76**

On page 73, line 4 after "development", insert "unless a higher limitation on earnings distribution is otherwise provided by rules and regulations of the agency"

**Amendment 77**

On page 75 line 14, strike out "elderly persons" and insert "the elderly and"

**Amendment 78**

On page 75, line 14, strike out "handicapped persons" and insert "the handicapped"

**Amendment 79**

On page 75, strike out lines 25 and 26 and insert "State

In order to facilitate implementation of local housing allocation plans, the agency may contract with a local public entity to reserve a portion of available credit and subsidy assistance for that area for one year. Such contracts may be renewed annually by mutual agreement"

**Amendment 80**

On page 75 line 39, strike out "such"

**Amendment 81**

On page 76, line 5 strike out "at any time" and insert "in any fiscal year"

**Amendment 82**

On page 76, line 7 strike out "20" and insert "25"

**Amendment 83**

On page 78, lines 12 and 13 strike out "and not withstanding any other provision of law"

**Amendment 84**

On page 81, lines 5 and 6, strike out "REHABILITATION AND HISTORIC PRESERVATION" and insert "NEIGHBORHOOD PRESERVATION"

**Amendment 85**

On page 81, strike out lines 8 to 11, inclusive and insert

"41550 This chapter empowers the agency to designate participating concentrated rehabilitation areas and participating mortgage funds assistance areas and to enter into agreements with local public entities for historic preservation and systematic code enforcement. It does not limit agency powers to provide construction loans and mortgage loans for rehabilitation of housing developments as provided in Chapter 5 (commencing with Section 41450) of this part.

41550.5 The agency shall, after public hearings, establish priorities for the allocation of financing assistance pursuant to this chapter among eligible areas and counties and cities throughout the state. In so doing, the agency shall take into account the following factors, to the extent applicable:

(a) The impact of financing assistance in upgrading substandard structures to decent, safe, and sanitary condition.

(b) The impact of financing assistance in stabilizing urban neighborhoods and preventing or arresting the process of deterioration.

(c) The impact of financing assistance in effectuating the efficient utilization of commitments of housing subsidies, thereby increasing housing opportunities for very-low-income households.

(d) The impact of financing assistance in complementing the local utilization of community development funds made available pursuant to Title I of the Housing and Community Development Act of 1974 (Public Law 93-383).

(e) The availability and feasibility of alternative means to achieve substantially the same results as financing assistance provided pursuant to this chapter."

**Amendment 86**

On page 83, line 3, strike out "Rehabilitation" and insert "Financing".

**Amendment 87**

On page 83, line 3, strike out "single-unit".

**Amendment 88**

On page 83, line 6, strike out "programs", and insert "types of loans".

**Amendment 89**

On page 83, strike out lines 7 to 20, inclusive and insert

"(a) Development loans for preparation for rehabilitation

(b) Mortgage loans for purchase of rehabilitated dwellings

(c) Construction loans for rehabilitation

(d) Construction loans and mortgage loans for rehabilitation and acquisition or refinancing, where the"



**Amendment 90**

On page 83, line 21, after "of", insert "acquisition and rehabilitation or the cost of"

**Amendment 91**

On page 83, line 22, strike out "The" and insert "For owner-occupied housing developments, the"

**Amendment 92**

On page 83, strike out lines 25 to 40, inclusive, and on page 84 strike out lines 1 to 23, inclusive, and insert

"41554 In addition, neighborhood improvement loans may be provided, on the following terms

(a) Neighborhood improvement loans need not be subject to the conditions applicable to mortgage loans or construction loans made to housing sponsors for housing developments, except as follows

(1) Structures financed shall be deemed to be housing developments, and their owners housing sponsors for purposes of Chapter 1 (commencing with Section 41300) and Chapter 2 (commencing with Section 41331) of this part

(2) Neighborhood improvement shall be subject to such conditions as may be provided by agreement between the agency and a local public entity administering the program

(b) Neighborhood improvement loans shall be made at market interest, except that loans to persons and families of low or moderate income for residential structures of one to four units which are to be occupied by the owner may be made at lower interest rates based on income.

(c) Neighborhood improvement loans shall be made by the administering agency or local public entity, except that loans at market interest may be made through a qualified mortgage lender which supplies 75 percent of the funds for each loan

(d) Neighborhood improvement loans shall be made only for residential structures, except that such loans may be made for other structures if financing at market interest is not otherwise available

(e) Refinancing may be provided, but only as necessary to permit the owner to afford the cost of rehabilitation or to minimize rent increases for occupants of the structure whose rents would otherwise exceed affordable rents due to the expense of rehabilitation, and provided that the cost of rehabilitation is at least 20 percent of the principal amount of the loan

(f) Neighborhood improvement loans other than for refinancing shall be made for rehabilitation costs. In addition to the actual cost of rehabilitation, if any, loans may be made for general repairs and improvements to the structure in amounts not in excess of the greatest of

(1) Two thousand five hundred dollars (\$2,500) per dwelling unit

(2) Twenty percent of rehabilitation costs in the case of a structure other than a residential structure of one to four units to be occupied by the owner

(3) Forty percent of rehabilitation costs in the case of a residential structure of one to four units to be occupied by the owner.

(g) The agency shall require that borrowers contract during the term of the loan not to raise residential rentals over an amount which the agency by regulation establishes will yield a fair rate of return and will allow for increases reasonably necessary to provide and continue proper maintenance of the property, except that residential structures of one to four units which are to be occupied by the owner shall be regulated as to rentals in a manner consistent with subdivision (h) of Section 41551.

"Rehabilitation costs," as used in this section, may include such development costs otherwise allowable for housing developments involving rehabilitation and may include such improvements to the structure as are permitted by regulations of the agency.

Nothing in this section shall authorize financing for the acquisition of structures. The agency may by regulation provide for such additional regulations and agreements, not inconsistent with this section, as are deemed necessary to further the purposes of this part."

**Amendment 93**

On page 84, line 26, after "temporary", insert "or permanent"

**Amendment 94**

On page 84 strike out line 34, and insert "41556 The".

**Amendment 95**

On page 85, strike out lines 1 and 2, and insert "(b) There is not a substantial number of structures in the area"

**Amendment 96**

On page 85, strike out lines 4 to 7, inclusive

**Amendment 97**

On page 85, line 21, after "structures", insert ", and may provide financing assistance as provided in Section 41553 and 41554"

**Amendment 98**

On page 85, strike out line 23

**Amendment 99**

On page 85, line 24, after "entity", insert ", or the agency may administer programs of neighborhood improvement loans pursuant to Section 41554 and mortgage and construction loans pursuant to Chapter 5 (commencing with Section 41450) of this part in such area"

**Amendment 100**

On page 85, line 27, strike out "rehabilitation", and insert "neighborhood improvement"

Bill ordered reprinted and to be re-referred to the Committee on Housing and Community Development

**Senate Bill No 4**—An act to add Chapter 65 (commencing with Section 41600) to Part 3 of Division 31 of the Health and Safety Code relating to housing, and making an appropriation therefor

Bill read second time

### Consideration of Author's Amendments

The following author's amendments, pursuant to the Assembly Rules, were read, and adopted:

#### Amendment 1

In lines 1 and 2 of the title of the printed bill, as amended in Senate April 21, 1975 strike out "Chapter 65 (commencing with Section 41600) to Part 3 of"; and insert "Part 5 (commencing with Section 42000) to"

#### Amendment 2

On page 2, strike out line 1, and insert "SECTION 1 Part 5 (commencing with Section 42000) is added to Division 31 of the Health and Safety Code, to read

### PART 5 BOND AND LOAN INSURANCE

#### CHAPTER 1 GENERAL PROVISIONS AND DEFINITIONS

42000 The Legislature finds and declares as follows

(a) For reasons of prudent investment policy, private lending institutions are not making mortgage financing available for structures located in many older residential neighborhoods, or for certain housing developments occupied or intended to be occupied by substantial numbers of persons and families of low and moderate income because of the increased risks such loans entail. The lack of such financing has caused and contributed to deterioration of residential neighborhoods, inhibited local governments in their attempts to arrest and reverse deterioration through local code enforcement programs, and generally reduced or limited the supply of safe, decent, and sanitary housing available to persons and families of low and moderate income.

(b) By the enactment of the Marks-Foran Residential Rehabilitation Act of 1973 (Part 3 (commencing with Section 37910) of Division 24), the state has authorized local agencies, redevelopment agencies and housing authorities to provide financing for preservation of structures in deteriorating areas. However, some of such local public entities will be unable to sell revenue bonds pursuant to such act on terms sufficiently favorable to enable them to make loans at less than the market-rate interest because of a lack of investor confidence.

(c) The agency, although it is empowered to sell revenue bonds in order to raise funds for housing assistance, may be unable to market bonds on terms and at interest rates adequate to enable the agency to accomplish its purposes.

42001 It is the intent of the Legislature in enacting this part to establish a program of bond and loan insurance to encourage and facilitate the preservation of existing housing and improve housing opportunities for persons and families of low or moderate income by reducing the risk factor (1) for loans for housing in older deteriorating areas and (2) for revenue bonds issued by local agencies, redevelopment agencies, and housing authorities pursuant to the Marks-Foran Residential Rehabilitation Act of 1973.

It is further the intent of the Legislature in enacting this part to improve the marketability of revenue bonds sold by the agency by providing for insurance of loans made or assisted by the agency for new

construction of housing developments located in participating mortgage funds assistance areas

42002 The agency shall require that occupancy of housing for which a loan is insured pursuant to this part shall be open to all regardless of race, sex, color, religion, national origin, or ancestry, and that contractors and subcontractors engaged in the construction or rehabilitation of housing funded by a loan insured pursuant to this part shall provide an equal opportunity for employment without discrimination as to race, sex, marital status, color, religion, national origin, or ancestry

42003 Unless the context otherwise requires, the definitions contained in this chapter shall govern the construction of this part

Such definitions shall be in addition to definitions set forth in Part 1 (commencing with Section 41000) of this division, except that where the same term is defined in this chapter and in such part the definition of such term contained in this chapter shall prevail

42004 "Approved lending institution" means a qualified mortgage lender approved by the agency for participation in a program of loan insurance, including such successors and assigns of any such institution as are permitted by regulation of the agency "Approved lending institution" shall also include the agency

42005 "Bond reserve requirement" means an amount specified by regulations of the agency which shall, as of any particular date of computation, be at least equal to the total of (1) insurance benefits due and payable as of such date under contracts of bond insurance and (2) 5 percent of the sum of the aggregate insurance outstanding under contracts of bond insurance and the aggregate amounts to be insured under the agency's commitments to insure bonds

42006 "Bonds" means bonds issued pursuant to Part 13 (commencing with Section 37910) of Division 24

42007 "Citizen participation" means action by the local agency to provide persons who will be affected by rehabilitation within a participating concentrated rehabilitation area or participating community improvement area with opportunities to be involved in planning and carrying out the rehabilitation program "Citizens participation" shall include, but not be limited to, all of the following

(a) Holding a public meeting prior to the hearing by the local governing body considering selection of the proposed participating concentrated rehabilitation area or participating community improvement area

(b) Consultation with an elected or appointed citizen advisory board, composed of representatives of owners of property in, and residents of, the proposed participating concentrated rehabilitation area or participating community improvement area, in developing a plan for public improvements and implementation of the rehabilitation program

(c) Dissemination by mailing to property owners within the proposed participating concentrated rehabilitation area or participating

community improvement area at the address shown on the latest assessment roll and by distribution to residents of the area by a manner determined appropriate by the local agency, of information relating to the time and location of meetings, boundaries of the proposed area, and a general description of the proposed rehabilitation program. With respect to a proposed community improvement area, such notice shall be sent only to property owners in the area who will be subject to the proposed rehabilitation program.

(d) Any other means of citizen involvement determined appropriate by the legislative body of the local agency.

Public meetings and consultations held to implement the requirements of citizen participation shall be conducted by a planning or rehabilitation official designated by the legislative body of the local agency. Public meetings shall be held at times and places convenient to residents and property owners.

42008 "Insurance Fund" means the Housing Rehabilitation Insurance Fund.

42009 "Insurance reserve requirement" means an amount specified by regulations of the agency which shall, as of any particular date of computation, be at least equal to the total of (1) insurance benefits due and payable as of such date pursuant to contracts of loan insurance and (2) 5 percent of the sum of the aggregate insurance outstanding under contracts of loan insurance and the aggregate amounts to be insured under the agency's commitments to insure loans.

42010 "Insured loan" means a loan insured pursuant to Chapter 4 (commencing with Section 42060) of this part.

42011 "Legislative body" means the city council, board of supervisors, or other legislative body of the local agency.

42012 "Loan-to-value limitation" means a limitation on the ratio of the original principal balance of a loan to the appraised value of the property securing it.

42013 "Local agency" means a city, county, or city and county.

42014 "Participating community improvement area" means an area designated by the agency pursuant to Section 42048.

42015 "Participating concentrated rehabilitation area" means an area designated by the agency pursuant to Section 42047.

42016 "Participating mortgage funds assistance area" means an area designated by the agency pursuant to Section 42049.

42017 "Qualified rehabilitator" means a housing sponsor which is certified by the agency to be qualified according to experience, financial capability, and such other pertinent criteria as the agency may establish to carry out rehabilitation with loans insured pursuant to this part.

42018 "Rehabilitated structure" means a structure which becomes eligible for an insured acquisition loan by rehabilitation conducted pursuant to rules and regulations of the agency, whether or not loan insurance is provided by the agency for such rehabilitation.

42019 "Rehabilitation standards" means applicable state or local housing and building standards the purpose of which is to insure that structures are in decent, safe, and sanitary condition.

## CHAPTER 2. ADMINISTRATION

42025 The board shall appoint an advisory committee to assist it in preparing regulations providing for the implementation and administration of this part which shall consist of nine members as follows:

(a) Two members having experience in the administration of (1) a local program of housing rehabilitation undertaken for a period of at least two years, which included local housing code enforcement and the subvention of funds to owners of buildings by a local governmental entity for such rehabilitation, or (2) a program of housing rehabilitation undertaken for a period of at least two years pursuant to the Housing Act of 1964 (P L 88-560)

(b) One member experienced in the financial aspects of local or federal housing rehabilitation programs described in subdivision (a)

(c) One city or county planning representative of local government with experience in local or federal housing rehabilitation programs described in subdivision (a)

(d) Two representatives of private financial institutions knowledgeable in the areas of finance, mortgage insurance and local or federal housing rehabilitation programs described in subdivision (a)

(e) One member with a vocational background in real estate transfers, including real estate appraisal

(f) Two public members

42026 Members of the advisory committee established pursuant to Section 42025 shall be reimbursed for their travel and other expenses necessary to the performance of their duties under this part. The advisory committee shall meet as soon as possible after the effective date of this section at the time and place designated by the board. The advisory committee shall provide advisory and consultative aid to the agency until two years shall have elapsed from the first insurance of loans under Chapter 4 (commencing with Section 42060) of this part, at which time the advisory committee shall be dissolved.

42027 The agency shall, with respect to the implementation of this part, have the general powers set forth in Section 41385 and, in addition, may do any and all things necessary to carry out its purposes and exercise the powers expressly granted by this part. The agency shall develop and maintain complete and current statistics and other information with respect to the loan insurance program, including, but not limited to, statistics and information relating to the following:

(a) Financial market conditions including the interest rates, pay-back periods, and other terms and conditions affecting such housing

(b) The character, extent and actual costs of construction or rehabilitation undertaken during each phase of the program

(c) Factors affecting, and statistics showing, the extent and utilization of each phase of the program

(d) Factors affecting the processing time of applications and statistics showing processing times actually experienced for each phase of the program

(e) Mortgage arrearages, defaults, and foreclosures on insured mortgage loans and expenses incurred as a result of such arrearages, defaults, and foreclosures

(f) The extent of displacement of persons and the extent and amount of rental increases resulting from insurance of loans, together with measures taken to minimize such displacement and rental increases

(g) The extent, character, and location of areas throughout the state which have a significant deficiency in the availability of mortgage financing

(h) The extent and location of housing in the state which is deteriorating or in danger of deteriorating, and the nature and costs of repairs and improvements necessary to arrest such deterioration and restore the housing to decent, safe, and sanitary condition

(i) Abuses of the program and actions taken in connection therewith

42028 The agency shall annually report to the Legislature on the status of the program of loan and bond insurance authorized by this part and shall include therewith the information and statistics required to be collected and maintained by Section 42027. Such report shall be submitted on or before the fifth day of January, commencing in 1977.

42029 (a) The agency may contract with any private or public agency for review of the administration of this part and for assistance in developing regulations to implement this part. The agency shall be responsible for the planning, implementation, functioning, and evaluation of the program of loan and bond insurance.

(b) Not less than once every two years after the effective date of this part, the agency shall contract for an independent audit and evaluation of the program of loan and bond insurance authorized by this part. The report of such audit and evaluation shall include an evaluation of program effectiveness in relation to cost and shall include recommendations and suggested legislation for the improvement of the program, if any. The agency may contract with any private or state agency approved by the Department of Finance for the conduct of such audit and evaluation. A copy of such report shall be transmitted to the Legislature.

42030 The Housing Rehabilitation Insurance Fund is hereby created in the State Treasury. All money in the insurance fund is hereby continuously appropriated to the agency without regard to fiscal year for the purpose of insuring loans and bonds pursuant to this part and for the purpose of defraying administrative expenses incurred by the agency in operating such programs of loan and bond insurance. All insurance premiums and other moneys accruing to the agency pursuant to this part shall be deposited in the insurance fund.

42031 Notwithstanding the provisions of Chapter 2 (commencing with Section 12850) of Part 2.5 of Division 3 of Title 2 of the Government Code or the provisions of Article 2 (commencing with Section 13320) of Chapter 3 of Part 3 of such division, application of the insurance fund shall not be subject to the supervision or budgetary approval of any other officer or division of state government. However, the agency's budget respecting such fund shall be prepared in consultation with the Secretary of the Business and Transportation Agency. Additionally, the agency's budget shall be submitted to the Joint Legislature Budget Committee for review and comment.

42032 The agency shall from time to time direct the State Treasurer to invest moneys in the insurance fund which are not required for its current needs in such eligible securities specified in Section 16430 of the Government Code as the agency shall designate. The agency may direct the State Treasurer to deposit moneys in the insurance fund in interest-bearing accounts in state or national banks or savings and loan associations having principal offices in this state. To the extent public moneys are permitted by law to be deposited in savings and loan associations, the agency shall direct the State Treasurer to make such deposits based on the agency's allocations of moneys between banks and savings and loan associations. Such deposits shall be made in a manner approximating the relative extent of their participation as qualified mortgage lenders. However, such allocations shall not be required to the extent that they would result in receipt by the agency of a deposit interest rate that is lower than the highest interest rate available from another institution qualified to receive such deposits. Notwithstanding any other provision in this section, construction-loan funds may be transferred to the construction lender as necessary to meet draws for progress payment.

As an alternative to depositing moneys in the fund in banks or savings and loan associations, the agency may require the transfer of moneys in the insurance fund to the Surplus Money Investment Fund for investment pursuant to Article 4 (commencing with Section 16470) of Chapter 3, Part 2, Division 4, Title 2 of the Government Code.

All interest or other increment resulting from such investment shall be deposited in the insurance fund, notwithstanding Section 16305.7 of the Government Code. Moneys in the insurance fund shall not be subject to transfer to any other fund pursuant to any provision of Part 2 (commencing with Section 16300) of Division 4 of Title 2 of the Government Code, except the Surplus Money Investment Fund as provided in this section.

42033 There is hereby created a loan insurance reserve account in the insurance fund to secure commitments under contracts to insure loans. The agency shall take all reasonable steps to assure that the reserve account is continuously maintained at not less than the insurance reserve requirement. The agency shall not cause sums to be withdrawn from the loan insurance reserve account in amounts which would reduce the moneys therein to less than the insurance reserve requirement, except as necessary to satisfy liabilities arising under contracts of loan insurance. In the event that the loan insurance reserve account is reduced to less than the insurance reserve requirement, the agency shall cease making commitments for, and contracts of, insurance until such time as the reserve account has been restored to such requirement.

42034 There is hereby created a bond insurance reserve account in the insurance fund to secure commitments under contracts to insure bonds. The agency shall take all reasonable steps to assure that the bond reserve account is continuously maintained at not less than the bond reserve requirement. The agency shall not cause sums to be withdrawn from the bond insurance reserve account in amounts which



would reduce the moneys therein to less than the bond reserve requirement, except as necessary to satisfy liabilities arising under contracts of bond insurance. In the event that the bond insurance reserve account is reduced to less than the bond reserve requirement the agency shall cease making contracts of bond insurance until such time as the account has been restored to such requirement.

42035 The agency may create other accounts within the insurance fund as necessary or convenient to carry out the purposes of this part.

42036 The obligation of the agency and of the state to pay any insurance benefit pursuant to contracts of insurance insuring loans or bonds shall not exceed amounts deposited in the insurance fund which are made available therefor under the respective contracts of insurance. Nothing in this chapter shall require the Legislature to appropriate moneys from the General Fund in the State Treasury to the Housing Rehabilitation Insurance Fund on account of any such obligation.

Moneys in the insurance fund may not be transferred to any other fund of the agency, except as necessary to pay the expenses of operating the program of loan and bond insurance authorized by this part; nor shall the agency utilize any moneys under the direction and control of the agency other than moneys in the insurance fund, to satisfy liabilities arising from contracts of insurance authorized by this part.

### CHAPTER 3 ELIGIBLE AREAS

42045 The agency shall, after public hearings, establish priorities for the allocation of loan-insurance assistance among eligible areas throughout the state. In so doing the agency shall take into account the following factors, to the extent applicable:

(a) The impact of loan-insurance assistance in increasing the housing stock in areas of demonstrated need.

(b) The impact of loan-insurance assistance in upgrading substantial structures to decent, safe, and sanitary condition.

(c) The impact of loan-insurance assistance in stabilizing urban neighborhoods and preventing or arresting the process of deterioration.

(d) The impact of loan-insurance assistance in effectuating the efficient utilization of commitments of housing subsidies thereby increasing housing opportunities for very-low-income households.

(e) The impact of loan-insurance assistance in effectuating the efficient utilization of community development funds made available pursuant to the Housing and Community Development Act of 1974 (Public Law 93-383).

(f) The availability and feasibility of alternative means to achieve substantially the same results as loan-insurance assistance.

(g) Opportunities for coinsurance or reinsurance of bonds and mortgages.

(h) The needs of other state housing programs.

(i) The availability of sufficient moneys in the insurance fund.

42046 Until the agency is satisfied that the effectiveness of loan-insurance projects conducted in areas designated pursuant to Section 42048 has been demonstrated, and in any case prior to January 1, 1978,

the aggregate outstanding principal balance of loans insured in participating community improvement areas shall not exceed 10 percent of the aggregate outstanding principal balance of all loans insured under this part.

Not less than 50 percent of the aggregate outstanding principal balance of loans insured pursuant to this part shall consist of loans authorized by Section 42062 which are not financed by the agency.

42047 Upon the application of a local public entity supplying such supporting information and data as the agency may require the agency shall designate any of the following as participating concentrated rehabilitation areas:

(a) Any area in which there is an availability of funds from any local agency or agency of the state or federal governments for the purpose of making rehabilitation loans, with interest that is less than the market rate in connection with concentrated enforcement of local rehabilitation standards.

(b) Any area with respect to which the agency makes the following findings:

(1) The area was selected by the legislative body after citizen participation.

(2) There is a significant number of older and deteriorating structures in such area requiring rehabilitation.

(3) Loan-insurance assistance is necessary to enable and encourage residents in such area to cooperate in a local program of concentrated enforcement of rehabilitation standards.

(4) Rehabilitation of structures will arrest deterioration in the area.

(5) Loan-insurance assistance for financing of rehabilitation in such area is economically feasible.

(6) The local agency has offered to contract with the agency to (a) provide necessary supporting neighborhood public improvements and services, such as street improvements, landscaping and acquisition of open space, undergrounding of utility lines, and construction of drainage facilities in the area for which eligibility has been requested, and (b) provide concentrated and continuing enforcement of state and local housing standards in such area.

(7) The local agency has made every effort to prevent unnecessary displacement in accomplishing rehabilitation and has an adequate program of relocation advisory assistance for persons unavoidably displaced due to rehabilitation.

(8) The supply of housing available to very low-income households at affordable rents and the supply of housing available to persons and families of moderate income at affordable rents will not be reduced within the area because those displaced will receive relocation payments and be able to obtain standard housing in the area. Alternatively, standard housing will be available at affordable rents in equally desirable neighborhoods, expanding the range of housing opportunities for minority and low-income persons.

(9) The local agency has adopted a housing element in compliance with Section 65302 of the Government Code and adopted housing-element guidelines which set forth an effective plan for systematic enforcement of state and local building standards throughout its jurisdiction.

(10) The application is consistent with local housing assistance plans adopted pursuant to the Housing and Community Development Act of 1974 (Public Law 93-383).

(11) The local agency has satisfied such other pertinent criteria as the agency may by regulation require after public hearings.

42048 Upon the application of a local public entity supplying such supporting information and data as the agency may require, the agency shall designate all or a portion of the territory subject to the jurisdiction of a local agency as a participating community improvement area if it makes the following findings:

(a) The area was selected by the legislative body after citizen participation.

(b) Deteriorating structures within the proposed area are not suitable for concentrated enforcement of rehabilitation standards as provided for in Section 42047 because of their dispersed location.

(c) Enforcement of rehabilitation standards in conjunction with a program of loan insurance is necessary to effect preservation of such structures and would have the effect of improving stability and property values in the surrounding community.

(d) The housing element of the general plan adopted by the local agency pursuant to subdivision (c) of Section 65302 of the Government Code sets forth an effective plan for citywide or countywide systematic enforcement of state or local housing standards.

(e) The legislative body has by ordinance adopted adequate procedures for identifying structures eligible for rehabilitation with an insured loan and, in connection therewith, priorities which will serve the purposes of this chapter while providing a program which is economically feasible.

(f) The legislative body has given substantial assurances acceptable to the agency that it will provide necessary supporting neighborhood public improvements and services.

(g) The local agency has made every effort to prevent unnecessary displacement in accomplishing rehabilitation and has an adequate program of relocation advisory assistance for persons unavoidably displaced due to rehabilitation.

(h) The local agency has satisfied such other pertinent criteria as the agency may by regulation prescribe after public hearings.

42049 The agency shall designate participating mortgage funds assistance areas throughout the state after soliciting maximum feasible participation by local agencies and community organizations. Participating mortgage funds assistance areas shall meet the following criteria:

(a) Market-rate mortgage financing is generally unavailable in the area.

(b) Deterioration in the area has not progressed to a stage where there is a substantial number of structures which do not conform to rehabilitation standards. Alternatively, the area has previously been subject to a program of concentrated code enforcement.

(c) Unavailability of mortgage funds is likely to be a primary cause of deterioration of structures located in such area in the future.

(d) Loan insurance assistance to the area is likely to prevent deterioration and stabilize the area.

(e) Loan insurance assistance to the area is economically feasible.

42050 Insured loans shall not be made available pursuant to this part in areas where there exists widespread damage of a substantial nature to residential structures resulting from any natural or other disaster, including fire, flood, wind, and earthquake.

#### CHAPTER 4 LOAN INSURANCE

42060 (a) To be qualified for loan insurance a borrower shall be or by reason of a loan insured pursuant to this part shall become, the owner of the structure for which an insured loan is authorized, and shall be able to bear the usual expenses of maintaining such structure and repay the loan. The agency may by regulation establish such additional requirements as it shall deem necessary to accomplish the purposes of this part.

(b) For the purpose of increasing the efficiency and minimizing the cost of the loan insurance program, the agency may insure or issue commitments to insure loans upon the certification of an officer of an approved lending institution that the borrower is qualified for loan insurance according to eligibility requirements specified by the regulations of the agency. However, the agency shall authorize such certification only for loans with respect to which the approved lending institution retains a substantial portion of the total risk.

42061 The agency shall adopt regulations specifying the percentage of the outstanding principal indebtedness which may be insured under this part with respect to each category of loan authorized to be insured under this part. Loans not secured by a mortgage of first priority may be insured for an amount equal to 100 percent of the outstanding principal indebtedness. All other categories of loans may be insured only for such percentage of the amount at risk as the agency determines is necessary to induce approved lending institutions to make such loans for the purposes specified in this part.

42062 Loans for the rehabilitation, refinancing, or acquisition of structures located in eligible areas designated pursuant to Chapter 3 (commencing with Section 42068) of this part may be insured by the agency, subject to the following requirements:

(a) At least 20 percent of the amount of any such loan shall be used for repairs or improvements which are required by rehabilitation standards.

(b) The loan may include an additional amount to be used for general property improvements, which shall not exceed 20 percent of the amount used for rehabilitation required by rehabilitation standards, or, in the cases of owner-occupied structures of not more than four

dwelling units, amounts loaned for general property improvements shall not exceed 40 percent of the amount loaned for required rehabilitation.

(c) Subject to the limitation prescribed by subdivision (a), the proceeds of the loan may be used for refinancing of existing indebtedness secured by property to be rehabilitated. Loans for refinancing may be insured only if refinancing is necessary to permit a borrower to afford the cost of rehabilitation or to minimize rent increases for occupants of the structure whose rents would otherwise exceed affordable rents due to the expense of rehabilitation.

(d) The proceeds of the loan may be used for financing acquisition and rehabilitation of a structure, or acquisition of a rehabilitated structure, or acquisition of a structure which the borrower has agreed to conform to rehabilitation standards within a time specified by regulations of the agency. No borrower shall be eligible for insurance of a loan or loans for the acquisition of more than one structure with respect to any such area, unless the borrower is a qualified rehabilitator.

42063 In addition to insurance of loans authorized by Section 42062, the agency may insure the following loans with respect to participating mortgage funds assistance areas:

(a) Loans for acquisition of structures, provided such structures are in conformance with state and local housing and building standards, and provided further, that no borrower shall be eligible for insurance of a loan or loans for more than one structure with respect to any such area, unless the borrower is a qualified rehabilitator.

(b) Construction and mortgage loans made or assisted pursuant to this division for financing housing developments.

42064 Loans insured pursuant to this part shall meet the following requirements:

(a) The loans shall be made for a period acceptable to the agency, not to exceed 40 years or four-fifths of the remaining economic life of the structure as determined by the agency in accordance with its regulations, whichever is less.

(b) The loans shall be subject to maximum loan amounts for each category of loan authorized to be insured under this part, as established by regulations of the agency.

(c) The loans shall be secured by mortgages.

(d) The agency shall establish loan-to-value limitations for each category of loan and shall set forth limitations on the further encumbrance of structures and other real property securing loans. In no case involving refinancing or purchase shall the loan have a principal obligation in an amount exceeding the sum of the estimated cost of rehabilitation if any and either the amount required to refinance existing indebtedness secured by the property or, in the case of a sale, the amount of the purchase price and settlement and closing costs incurred in connection with the purchase.

(e) Loans for the rehabilitation of structures shall have a principal obligation not exceeding an amount which, when added to any outstanding indebtedness constituting a lien upon the property securing

the loan, creates a total outstanding indebtedness which could be reasonably secured by a first mortgage on the property, as set forth by regulations of the agency

(f) With respect to any loan for the rehabilitation of a structure, the agency shall determine that such repair and improvement is economically feasible. With respect to the rehabilitation of a mixed-use residential and commercial structure or of a commercial structure, the agency shall determine that there will be a demand for commercial occupancy of the structure after rehabilitation. In making such determination, the level of rent necessitated by repayment of the loan shall be considered.

(g) For the purpose of increasing the efficiency and minimizing the cost of the loan insurance program, the agency may insure or issue commitments to insure loans upon the certification of an officer of an approved lending institution that the proposed rehabilitation conforms to requirements specified by regulations of the agency regarding economic feasibility and commercial demand.

(h) With respect to any loan for rehabilitation or rehabilitation in combination with refinancing or purchase, the loan agreement shall provide that all funds loaned for repairs and improvements shall be paid into an escrow account to be paid to the owner and contractor or other provider of goods or services jointly at such times as payment becomes due, and provided the work or portion of the work for which payment is tendered is certified as provided by regulation of the agency to be in compliance with contract specifications and applicable state or local housing or building standards. The agency shall approve the contractor or contractors, the contract to provide rehabilitation construction, and the contract specifications prior to committing any funds of an insured loan for rehabilitation.

(i) The agency shall require that borrowers contract during the term of the loan not to raise residential rentals over an amount which the agency by regulation establishes will yield a fair rate of return and will allow for increases reasonably necessary to provide and continue proper maintenance of the property, except that structures with more than one but less than five dwelling units which are to be occupied by the owner shall be regulated as to rentals in a manner consistent with paragraph (8) of subdivision (b) of Section 42047.

(j) Relocation payments shall be made to persons displaced because of inability to afford costs of compliance, temporary displacement for rehabilitation work assisted under this part, or rent increases resulting from rehabilitation, with eligibility and amount of assistance to be determined pursuant to the Uniform Relocation and Real Property Acquisition Policies Act of 1970 (40 U.S.C. Sec. 4601) or Chapter 16 (commencing with Section 7260) of Division 7 of Title 1 of the Government Code.

(k) The structure for which a loan is insured pursuant to this part shall be insured against loss due to fire and other causes, as provided by the regulations of the agency.

(l) Such other terms and conditions as the agency, by regulation, determines are necessary to further the purposes of this part.

42065 (a) The agency shall establish a schedule of insurance premiums to be added to the interest rates of insured loans. Such premiums may vary according to the category of the loan and the degree of risk related to the loan. Premiums shall be calculated in an amount necessary to defray losses occasioned by defaults and to make the loan insurance program self-supporting within a reasonable time. Approved lending institutions shall remit premiums to the agency at intervals specified by the agency.

(b) The agency may by regulation prescribe such other charges as it finds necessary including service charges and appraisal, inspection and other fees.

42066 The agency shall establish procedures to be followed by approved lending institutions in the event of default on a loan insured under this part. The agency shall require that prior to submitting a claim, an approved lending institution shall foreclose or exercise a power of sale and take possession of the property or otherwise acquire title and possession of such property within the time specified by the agency. The agency may, upon submission of such a claim, pursue either of the following alternatives:

(a) Pay the approved lending institution the benefit of the insurance, or

(b) Upon conveyance to the agency of all the right title, and interest of the approved lending institution in the foreclosed property and the assignment of all claims of the approved lending institution against the defaulting borrower to the agency, pay to the qualified mortgage lender the sum of the unpaid principal balance of the loan, foreclosure costs, accrued interest, and such other costs as the agency shall find are fair and reasonable and by regulation authorize.

In any case in which the agency has insured only a portion of the outstanding principal indebtedness of a loan, it may further provide that not more than an equivalent percentage of the total accrued interest and costs shall be payable by the agency pursuant to this section in the event of a default.

42067 In the event of a default on an insured loan not secured by a first mortgage, the agency may, in lieu of proceeding under Section 42066, acquire the insured loan and any security thereon upon payment to the approved lending institution of an amount equal to the unpaid principal balance of the loan, accrued interest, and such other costs as the agency shall find are fair and reasonable and by regulation authorize.

42068 The agency may initiate programs of co-insurance or re-insurance with and may procure re-insurance from any local agency or agency of the United States or private mortgage insurer in order to accomplish more effectively the purposes of this part.

42069 The agency may provide for and require attendance at homeownership counseling and training courses as a condition to the insurance of loans for the purchase or refinancing of residential structures under this part.

## CHAPTER 5 BOND INSURANCE

42080 The agency may insure bonds issued by local agencies, redevelopment agencies, or housing authorities pursuant to Part 13 (commencing with Section 37910) of Division 24. The agency may charge and collect insurance premiums for such insurance and make other reasonable charges for services performed in connection with approval and processing of such insurance. The agency shall take all reasonable steps to assure the following:

(a) The bonds contain or are subject to, terms respecting repayment, dates of maturity, and other provisions satisfactory to the agency.

(b) The bonds contain or are subject to, provisions which the agency deems necessary with respect to security interests of the agency, including provisions relating to subrogation, liens and releases of liens, payment of taxes, escrow or trusteeship requirements, or other matters.

SEC. 2. The sum of five million dollars (\$5,000,000) is hereby appropriated from the General Fund for transfer to the Housing Rehabilitation Insurance Fund created by Section 42030 of the Health and Safety Code.

Such moneys shall constitute and be accounted for as advances to the California Housing Finance Agency, and a like amount shall be repaid to the General Fund in the State Treasury, without interest, not later than January 1, 1986, from all available revenues of the agency in excess of amounts required for payment of the agency's current operating expenses and amounts necessary to maintain the loan and bond reserve accounts at not less than the loan and bond insurance reserve requirements.

SEC. 3. This act shall not become operative unless Senate Bill No. 2 or Assembly Bill No. 1 of the 1975-76 First Extraordinary Session of the Legislature, or both, are enacted and create a California Housing Finance Agency, and in such case this act shall become operative on the effective date of Senate Bill No. 2 or Assembly Bill No. 1.

**Amendment 3**

On page 2, strike out lines 2 and 3, and strike out pages 3 to 22 inclusive.

Bill ordered reprinted, and to be re-referred to the Committee on Housing and Community Development.

**ADJOURNMENT**

At 4:50 p.m., Speaker McCarthy declared the Assembly adjourned until 9 a.m., Monday, May 12, 1975.

LEO T. McCARTHY, Speaker

ANABEL FLEURY, Minute Clerk



## CALIFORNIA LEGISLATURE

1975-76 FIRST EXTRAORDINARY SESSION

**ASSEMBLY DAILY JOURNAL**

FORTY-FIFTH LEGISLATIVE DAY

EIGHTY-FIFTH CALENDAR DAY

**IN ASSEMBLY**

Assembly Chamber, Sacramento  
Monday, May 12, 1975

The Assembly met at 1 05 p m

Hon Leo T McCarthy, Speaker of the Assembly, presiding.

Chief Clerk James D Driscoll at the Desk

Assistant Clerk Ray Monday reading

**ROLL CALL**

The roll was called, and the following answered to their names—76

Alatorre	Cline	Keyser	Perino
Antonovich	Collier	Launcester	Puolo
Atnett	Cullen	Lauterman	Ralph
Badham	Davis	Lewis	Robinson
Bane	Deddeh	Lockyer	Rosenthal
Banna	Dixon	MacDonald	Siegler
Berman	Duffy	Maddy	Sieroty
Beverly	Egeland	McAlister	Stutt
Boatwright	Fenton	McLennan	Thomas, Vincent
Buggs	Foran	McVittie	Thomas, William
Brown	Gatamendi	Mende	Thurman
Burke	Goggin	Miles	Torres
Calvo	Greene	Mobley	Tucker
Campbell	Gunlo	Montoya	Vasconcellos
Carpenter	Hart	Mori	Warren
Chacon	Hayden	Murphy	Wilson
Chappie	Ingalls	Nestande	Wornum
Chel	Kapiloff	Nimmo	Z'berg
Chambale	Keene	Papan	McSpencer

Quorum present

**PRAYER**

The following prayer was offered by the Chaplain Father Leo McAllister

*Father, Help all of us who are part of human institutions, both private and public to labor for the dignity and purpose of persons. Let us not become the slaves of our institutions or of our technology. Rather give each of us the freedom to be an artisan and designer of all that is necessary and good for a healthy human environment. Let us be mindful of the rightful differences which exist between us. However, never let us use these differences to enslave some and exalt others for there is an equal dignity and nobility which we all share under You, our common Father —AMEN*

**PLEDGE OF ALLEGIANCE TO THE FLAG**

Upon request of Speaker McCarthy Mr MacDonald then led the Assembly in the pledge of allegiance to the Flag

**MOTION TO DISPENSE WITH READING OF THE JOURNAL**

Further reading of the Journal of the previous legislative day was dispensed with on motion of Mr Stutt seconded by Mr Thurman

**LEAVES OF ABSENCE FOR THE DAY**

The following Members were granted leaves of absence for the day because of illness:

Mr Craven, on request of Speaker McCarthy

Mr Vicencia, on request of Speaker McCarthy

The following Member was granted leave of absence for the day on personal business, and desired to waive his per diem

Mr Knox, on request of Speaker McCarthy

**RECESS**

At 1 06 p m , Speaker McCarthy declared the Assembly recessed

**REASSEMBLED**

At 2 45 p m , the Assembly reconvened

Hon Leo T McCarthy, Speaker of the Assembly, presiding

**ADJOURNMENT**

At 2 46 p m , Speaker McCarthy declared the Assembly adjourned until 9 a m , Tuesday, May 13, 1975

LEO T McARTHUR, Speaker

ANABEL FLEURY, Minute Clerk

## CALIFORNIA LEGISLATURE

1975-76 FIRST EXTRAORDINARY SESSION

**ASSEMBLY DAILY JOURNAL**

FORTY-SIXTH LEGISLATIVE DAY

EIGHTY-SIXTH CALENDAR DAY

**IN ASSEMBLY**

Assembly Chamber Sacramento  
 Tuesday, May 13, 1975

The Assembly met at 10:21 a.m.

Hon. Jack R. Fenton, Member of the Assembly, 59th District, presiding.

Chief Clerk James D. Driscoll at the Desk.

Assistant Clerk Ray Monday reading.

**ROLL CALL**

The roll was called, and the following answered to their names—77

Alatorre	Collier	Laucaster	Priolo
Antonovich	Cullen	Lanterman	Ralph
Arnett	Davis	Lewis	Robinson
Budham	Deddeh	Lockyer	Rosenthal
Bane	Dixon	MacDonald	Sugitt
Bannan	Duffy	Maddy	Sutty
Benman	Egeland	McAlister	Switt
Beverly	Fenton	McLennan	Thomas Vincent
Boothright	Foran	McVittie	Thomas William
Briggs	Garamendi	Moore	Thurman
Brown	Goggin	Miller	Torris
Burke	Greene	Mohley	Tucker
Calvo	Gualco	Montoya	Vasconcellos
Campbell	Hart	Mori	Vaccaro
Carpenter	Hayden	Murphy	Watson
Chacon	Ingalls	Nestande	Wilson
Chapue	Kaploff	Nimmis	Worrum
Chel	Keene	Papan	Zetig
Chumble	Keyser	Petino	Mr. Speaker
Chu			

Quorum present.

**REGULAR BUSINESS DISPENSED WITH**

By unanimous consent, the regular order of business of the Assembly was dispensed with for this legislative day.

**LEAVES OF ABSENCE FOR THE DAY**

The following Member was granted leave of absence for the day, because of illness:

Mr Craven, on request of Acting Speaker Fenton

The following Member was granted leave of absence for the day, on personal business, and desired to waive his per diem

Mr Knox, on request of Acting Speaker Fenton

**RECESS**

At 10 22 a m , Acting Speaker Fenton declared the Assembly recessed

**REASSEMBLED**

At 2 45 p m , the Assembly reconvened

Hon Jack R Fenton, Member of the Assembly, 59th District presiding.

**ADJOURNMENT**

At 2 46 p m , Acting Speaker Fenton declared the Assembly adjourned until 9 a m , Wednesday, May 14, 1975

LEO T McCARATHY, Speaker

ANABEL FLEURY, Minute Clerk

## CALIFORNIA LEGISLATURE

1975-76 FIRST EXTRAORDINARY SESSION

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**ASSEMBLY DAILY JOURNAL**


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FORTY-SEVENTH LEGISLATIVE DAY

EIGHTY-SEVENTH CALENDAR DAY

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**IN ASSEMBLY**


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Assembly Chamber, Sacramento  
Wednesday, May 14, 1975

The Assembly met at 10.43 a.m.

Hon. Louis J. Papan, Speaker pro Tempore of the Assembly, presiding.

Chief Clerk James D. Driscoll at the Desk.

Assistant Clerk Ray Monday reading.

**ROLL CALL**

The roll was called, and the following answered to their names—76:

Alatorre	Cline	Keyser	Perino
Antonovich	Collier	Lancaster	Priolo
Arnett	Cullen	Lanterman	Ralph
Badham	Davis	Lewis	Robinson
Bane	Deddeh	Lockyer	Rosenthal
Bannai	Dixon	MacDonald	Siegler
Berman	Duffy	Maddy	Sieroty
Beverly	Egeland	McAlister	Snitt
Boatwright	Fentoa	McLennan	Thomas, Vincent
Briggs	Foran	McVittie	Thomas, William
Brown	Garamendi	Meade	Thurman
Burke	Goggiu	Miller	Torres
Calvo	Greene	Mobley	Vasconcellos
Campbell	Gualco	Montoya	Vicencia
Carpenter	Hart	Mori	Warren
Chacon	Hayden	Murphy	Wilson
Chappie	Ingalls	Nestande	Wornum
Chel	Kapiloff	Nimmo	Z'berg
Chimboie	Keene	Papan	Mr. Speaker

Quorum present:

**REGULAR BUSINESS DISPENSED WITH**

By unanimous consent, the regular order of business of the Assembly was dispensed with for this legislative day.

**LEAVES OF ABSENCE FOR THE DAY**

The following Members were granted leaves of absence for the day, because of illness:

Mr. Craven, on request of Speaker pro Tempore Papan.

Mr. Tucker, on request of Speaker pro Tempore Papan.

The following Member was granted leave of absence for the day, on personal business, and desired to waive his per diem:

Mr. Knox, on request of Speaker pro Tempore Papan.

**RECESS**

At 10:44 a.m., Speaker pro Tempore Papan declared the Assembly recessed.

**REASSEMBLED**

At 2:45 p.m., the Assembly reconvened.

Hon. Louis J. Papan, Speaker pro Tempore of the Assembly, presiding.

**REPORTS OF STANDING COMMITTEES****Committee on Housing and Community Development**

Assembly Chamber, May 13, 1975

Mr. Speaker: Your Committee on Housing and Community Development reports: Senate Bill No. 4

With the recommendation: Do pass, and be re-referred to the Committee on Ways and Means.

CHACON, Chairman

Above bill re-referred to the Committee on Ways and Means.

Assembly Chamber, May 13, 1975

Mr. Speaker: Your Committee on Housing and Community Development reports Assembly Bill No 6

With the recommendation: Do pass, and be re-referred to the Committee on Ways and Means.

CHACON, Chairman

Above bill re-referred to the Committee on Ways and Means.

Assembly Chamber, May 13, 1975

Mr. Speaker: Your Committee on Housing and Community Development reports. Assembly Bill No 8

With amendments with the recommendation. Amend, do pass, as amended, and be re-referred to the Committee on Ways and Means.

CHACON, Chairman

Above bill ordered to second reading.

**ADJOURNMENT**

At 2:46 p.m., Speaker pro Tempore Papan declared the Assembly adjourned until 1 p.m., Thursday, May 15, 1975.

LEO T. McCARTHY, Speaker

ANABEL FLEURY, Minute Clerk

## CALIFORNIA LEGISLATURE

1975-76 FIRST EXTRAORDINARY SESSION

**ASSEMBLY DAILY JOURNAL**

FORTY-EIGHTH LEGISLATIVE DAY

EIGHTY-EIGHTH CALENDAR DAY

**IN ASSEMBLY**Assembly Chamber, Sacramento  
Thursday, May 15, 1975

The Assembly met at 4 13 p m

Hon Leo T McCarthy, Speaker of the Assembly presiding

Chief Clerk James D Driscoll at the Desk.

Assistant Clerk Ray Monday reading

**ROLL CALL**

The roll was called, and the following answered to their names—76

Alatorre	Cline	Keysor	Perino
Antonovich	Collier	Lanester	Prulo
Arnelt	Cullen	Lanterman	Ralph
Balham	Davis	Lewis	Robinson
Bane	Deddeh	Lockyer	Rosenthal
Bannai	Dixon	MacDonald	Siegler
Benman	Duffy	Maddy	Sietoty
Beverly	Egeland	McAlister	Stitt
Bowright	Fenton	McLennan	Thomas, Vincent
Briggs	Foian	McVittie	Thomas, William
Brown	Garamendi	Moade	Thurman
Buike	Goggin	Miller	Torres
Culvo	Greene	Mohley	Vasconcellos
Campbell	Gualco	Montoya	Vicencia
Carpenter	Hart	Mori	Warren
Chacon	Hayden	Murphy	Wilson
Chappie	Ingalls	Nestande	Wornum
Chel	Kapiloff	Nimmo	Z'berg
Chimbole	Keene	Papan	Mr Speaker

Quorum present.

**PRAYER**

Upon invitation of Speaker McCarthy, the following prayer was offered by Father Al O'Connor, Chancery Office, Sacramento Diocese

*God, Our Heavenly Father, You speak to us in the depths of our conscience for there we detect a law which we do not impose on ourselves, but which holds us to obedience*

Always summoning us to love good and avoid evil, the voice of conscience can, when necessary, speak to our heart most specifically do this, shun that

We have in our heart a law written by God To obey it is the very dignity of man; according to it we will be judged Help us to be faithful to the voice of conscience --AMEN

**PLEDGE OF ALLEGIANCE TO THE FLAG**

Upon request of Speaker McCarthy, Mr Calvo then led the Assembly in the pledge of allegiance to the Flag

**READING OF THE JOURNAL DISPENSED WITH**

By unanimous consent, reading of the Journal of the previous legislative day was dispensed with

**LEAVES OF ABSENCE FOR THE DAY**

The following Members were granted leaves of absence for the day, because of illness:

Mr Craven, on request of Speaker McCarthy

Mr. Tucker, on request of Speaker McCarthy.

The following Member was granted leave of absence for the day, on personal business, and desired to waive his per diem:

Mr Knox, on request of Speaker McCarthy.

**REPORTS OF STANDING COMMITTEES****Committee on Housing and Community Development**

Assembly Chamber, May 13, 1975

Mr Speaker: Your Committee on Housing and Community Development reports Senate Bill No 2

With amendments with the recommendation Amend, do pass as amended, and be re-referred to the Committee on Ways and Means

CHACON, Chairman

Above bill ordered to second reading

**REQUEST FOR UNANIMOUS CONSENT TO TAKE UP  
SENATE BILL NO. 2**

Mr. Chacon was granted unanimous consent to take up Senate Bill No 2, without reference to file, for the purpose of reading the bill a second time and adopting the committee amendments at this time

**Second Reading of Senate Bill No. 2 by Unanimous Consent**

**Senate Bill No. 2**—An act to amend Sections 11552, 11556, 16522, and 53651 of the Government Code, to add Division 31 (commencing with Section 41000) to, and to repeal Part 8 (commencing with Section 37000) of Division 24 of, the Health and Safety Code, and to repeal



Section 8 of Chapter 1222 of the Statutes of 1965, relating to housing, and making an appropriation therefor, and providing for the preparation, issuance, and sale of state bonds to create a fund to be used by the California Housing Finance Agency to make loans for financing housing developments, and providing for the submission of the bond measure to the people at a special election to be consolidated with the 1976 direct primary election.

Bill read second time.

#### Consideration of Committee Amendments

The following amendments, proposed by the Committee on Housing and Community Development, were read, and adopted

##### Amendment 1

In lines 1 and 2 of the title of the printed bill, as amended in Assembly May 8, 1975, strike out "amend Sections 11552, 11556, 16522, and 53651 of the Government Code, to"

##### Amendment 2

On page 6, strike out line 1, and insert  
 "SECTION 1 Part 8 (commencing with Section 37000) of Division 24 of the Health and Safety Code is repealed.

SEC 2 Division 31 (commencing with Section 41000) is added to the Health and Safety Code, to read:

### DIVISION 31 HOUSING AND HOME FINANCE

#### PART 1 STATE HOUSING POLICY AND GENERAL PROVISIONS

##### CHAPTER 1. LEGISLATIVE FINDINGS AND DECLARATIONS

41000 This division shall be known and may be cited as the Zenovich-Mosccone-Chacon Housing and Home Finance Act.

41001 The Legislature finds and declares that the subject of housing is of vital statewide importance to the health, safety, and welfare of the residents of this state, for the following reasons:

(a) Full cooperation and coordination with the cities and counties of the state in meeting the housing needs of the state on a level of government that is as close as possible to the people it serves is essential if workable programs are to be developed and implemented

(b) Decent housing is an essential motivating force in helping people achieve self-fulfillment in a free and democratic society

(c) Unsanitary, unsafe, overcrowded, or congested dwelling accommodations constitute conditions which cause an increase in, and spread of, disease and crime

(d) A healthy housing market is one in which residents of this state have a choice of housing opportunities and one in which the housing consumer may effectively choose within the free marketplace

(e) A healthy housing market is fundamentally related to a healthy state economy and can contribute significantly to the employment factor of California.

41002 The Congress of the United States has established, as a national goal, the provision of a decent home and a suitable living environment for every American family and the Legislature finds and declares that the attainment of this goal is a priority of the highest order. The national housing goal, as it applies to California, is deserving of adoption by the Legislature, with the accompanying commitment to guide, encourage, and direct where possible, the efforts of the private and public sectors of the economy to cooperate and participate in the early attainment of a decent home and a satisfying environment for every Californian.

The attainment of a national and state housing goal is complicated by a variety of continuing problems, not the least of which are the absence of a coherent housing policy, the absence of a comprehensive framework outlining the dimensions of need and obstacles preventing the fulfillment of such need, the absence of effective private-public mechanisms designed to engender and facilitate a partnership approach to housing, and the absence of effective subsidy programs designed to reach very low income households and other persons and families of low or moderate income.

41003 The Legislature finds and declares that, as a result of public actions involving highways, public facilities, and urban renewal projects, and as a result of poverty and the spread of slum conditions and blight to formerly sound neighborhoods, there exists within the urban and rural areas of the state a serious shortage of decent, safe, and sanitary housing available at low and moderate rentals which persons and families of low and moderate income and elderly and handicapped persons can afford. This shortage is inimical to the safety, health, and welfare of the residents of this state and the sound growth of its communities. Private enterprise and investment, without the assistance contemplated in this division, is not disposed to provide, nor can it economically achieve, the needed construction of decent, safe, and sanitary housing at rentals which persons and families of low and moderate income can afford and the urgently needed rehabilitation of existing housing.

In order to remedy such housing shortages, it is necessary to implement a public program incorporating the following elements and goals:

(a) A reduction in the cost of mortgage financing for rental housing for persons and families of low and moderate income.

(b) A reduction in the cost of mortgage financing for home purchases, in order to make homeownership feasible for persons and families of low or moderate income.

(c) The availability of mortgage financing in geographical areas in which private lenders have been unable or unwilling to commit additional funds for residential lending.

(d) The provision of assistance and encouragement with respect to residential construction and rehabilitation by private enterprise which will house persons of varied economic means in the same structures and neighborhoods, thereby alleviating and contributing to the permanent elimination of slum conditions.

(e) An increase in the supply of housing available to the elderly and handicapped and large families

(f) Encouragement and assistance of housing and community development in rural areas and among Indian residents of the state

(g) Encouragement of mutual self-help housing projects, home management training and relocation assistance

(h) Maximum utilization of federal subsidies available to meet housing needs of very low income households and persons and families of low and moderate income

(1) The provision to local governments of the financial resources, statistical data and technical assistance needed to assist them in meeting housing needs within their respective jurisdictions. The term "financial resources" as used in this subdivision, means proceeds from the sale of bonds by the agency and federal assistance made available to the agency for any of the purposes of this division.

41004 The Legislature finds and declares that it is to the economic benefit of the state and a public purpose to encourage the availability of adequate housing and home finance for persons and families of low or moderate income and to develop viable urban and rural communities by providing decent housing, enhanced living environment and increased economic opportunities for persons and families of low or moderate income. The exercise of the powers specified in this division will be in all respects for the benefit of the people of the state, for their well-being and prosperity and for the improvement of their social and economic conditions. Therefore, this division shall be liberally construed to effect its purposes.

41005 The Legislature finds and declares that full cooperation and coordination with the cities and counties of the state in meeting the housing needs of the state on a level of government which is as close as possible to the people it serves is essential if workable housing programs are to be developed and implemented.

41006 The Legislature finds and declares that a number of federal housing programs have failed to reach the fundamental goals and purposes for which they were established, especially in urban areas. In California, this failure has often been related to inadequate consideration of the relationship between housing and the community in which the housing is located.

It is the intent of the Legislature in enacting this division to seek to avoid such failures by providing a comprehensive and balanced approach to the solution of housing problems of very low income households and persons and families of low or moderate income in the state. It is further the intent of the Legislature to provide a program which gives consideration, not only to the production and financing of housing, but also to the social and aesthetic impact of such housing. A California housing program must consider the distribution throughout the state of such housing as may be assisted pursuant to this division, the avoidance of concentrations of very low income households, an emphasis on superior design, including the scale and location of such housing, the preparation of communities and persons availing themselves of the program, and other factors which contribute to a decent living environment.

41007 The Legislature finds and declares that the large equities that the majority of California residents in most economic strata have now accumulated in single-family homes must be protected and conserved

41008 Nothing in this division shall authorize the imposition of controls on rents for housing units not financed pursuant to this division

#### CHAPTER 2 DEFINITIONS

41020 Unless otherwise indicated by the context, the definitions contained in this chapter shall govern the construction of this division

41021 "Affirmative action" means any program to create greater job opportunities for members of disadvantaged racial, sexual, religious, ancestral, or national-origin groups. Such program shall include educational, promotional, and other appropriate activity designed to secure greater employment opportunity for the members of such groups

41022 "Affirmative marketing program" means any program to achieve greater access to housing opportunities created by this division for members of disadvantaged racial, sexual, religious, ancestral, or national-origin groups. Such program shall include educational, promotional, and other appropriate activity designed to secure greater housing opportunities for the members of such groups

41023 "Affordable rent" means rent not in excess of the percentage of the gross income of the occupant person or family established by regulation of the agency and not in excess of market rent. Such percentage shall be established at not more than 25 percent nor less than 15 percent of gross income as will best serve the purposes of this division. The agency shall by regulation develop criteria defining, and providing for determination of, gross income and rent for purposes of this section, which shall be consistent with pertinent regulations of the Department of Housing and Urban Development or other federal law with respect to developments aided by the federal government

41024 "Agency" means the California Housing Finance Agency

41025 "Assisted housing" means housing financed by a below-market interest rate mortgage insured or purchased, or a loan made by the Secretary of the United States Department of Housing and Urban Development or by the Farmers Home Administration of the United States Department of Agriculture, or a market-interest-rate mortgage insured or purchased, or a loan made in combination with, or as augmented by, a program of rent supplements or subsidies, interest subsidies, leasing, contributions or grants, or other programs as are now or hereafter authorized by federal law to serve persons and families of low or moderate income, a mortgage or loan made pursuant to this part; or a mortgage or loan from any private or public source with an interest rate and terms satisfactory to the agency and which will meet the requirements and purposes of this division

41026 "Below-market interest" means the interest rate determined by the agency to be sufficient to return to the agency sufficient income to meet its obligations and expenses connected with a mortgage for which an interest rate below the then current market rate is determined, at the time of commitment of funds by the agency.

41027 "Board" means the board of directors of the agency

41028 "Bonds" means bonds, notes (including construction loan notes), debentures, interim certificates or other evidences of financial indebtedness issued by the agency pursuant to Part 3 (commencing with Section 41300) of this division

41029 "Cause" means gross neglect of duties, fraud, or violation of Section 41304 or Section 41305

41030 "Citizen participation" means action by the local public entity to provide persons who will be affected by rehabilitation assistance financed under the provisions of Chapter 6 (commencing with Section 41550) of Part 3 of this division with opportunities to be involved in planning and carrying out the rehabilitation assistance program "Citizen participation" shall include but not be limited to, all of the following

(1) Holding a public meeting prior to the hearing by the local public entity considering selection of the area for designation

(2) Consultation with an elected or appointed citizen advisory board composed of representatives of owners of property in, and residents of a proposed participating concentrated rehabilitation area in developing a plan for public improvements and the rules and regulations for implementation of the proposed rehabilitation assistance program

(3) Dissemination by mailing to property owners within the proposed rehabilitation area at the address shown on the latest assessment roll and by distribution to residents of the proposed participating concentrated rehabilitation area by a manner determined appropriate by the local public entity, of information relating to the time and location of meetings, boundaries of the proposed area and a general description of the proposed rehabilitation assistance program

In addition to the requirements of paragraphs (1) to (3), inclusive, any other means of citizen involvement determined appropriate by the legislative body of the local public entity may be implemented

Public meetings and consultations held to implement the requirements of citizen participation shall be conducted by a planning or rehabilitation official designated by the legislative body of the local public entity. Public meetings shall be held at times and places convenient to residents and property owners.

41031 "Commission" means the Commission of Housing and Community Development

41032 "Construction loan" means a short-term loan secured by real property made for development costs incurred in construction or rehabilitation of a housing development

41033 "Department" means the Department of Housing and Community Development

41034 "Development costs" means the aggregate of all costs incurred in connection with a housing development which are approved by the agency as reasonable and necessary, including, but not limited to, the following

(a) The costs of acquiring land and any buildings thereon including payments for options, deposits, or contracts to purchase properties on a proposed housing development site or payments for the purchase of such properties

- (b) The cost of site preparation, demolition and clearing
- (c) Architectural, engineering, legal, accounting, consulting and other fees paid or payable in connection with the planning, execution and financing of a housing development and the finding of an eligible mortgagee for a housing development
- (d) The cost of necessary studies, surveys, plans, and permits
- (e) The cost of insurance, interest and financing tax and assessment costs, and other operating and carrying costs incurred during construction or rehabilitation
- (f) The cost of construction, rehabilitation, reconstruction and fixtures, medical facilities, furnishings, equipment, machinery, apparatus and similar facilities and equipment related to the real property
- (g) The cost of land improvements, including, but not limited to, landscaping, site preparation and streets, sewers, utilities and other offsite improvements, whether or not such costs are paid in cash or in a form other than cash
- (h) A reasonable profit and risk fee, as defined in regulations of the agency, in addition to job overhead to the general contractor and, if applicable, a limited-dividend housing sponsor
- (i) An allowance established by the agency for working capital and for reasonable reserves set aside to defray unanticipated additional development costs
- (j) Necessary expenses incurred in connection with initial occupancy of a housing development, including reserves for any anticipated operating deficits to be incurred during the construction period and the initial years of occupancy
- (k) Repayment of a development loan
- (l) The cost of such other items, including tenant and homeowner relocation and tenant and homeowner counseling, as the agency shall determine to be reasonable and necessary for the development of a housing development.

The statement of a specific cost item within this section shall in no way imply a requirement that the agency finance that item in making a loan on any housing development. Development costs shall not include any greater portion of the cash outlay required for a housing development owned by a limited-dividend housing sponsor than is consistent with an equity investment sufficient to ensure a substantial and continuing interest by such sponsor in the housing development.

41035 "Development loan" means a loan made prior to the granting of a construction loan, for planning, acquisition of land and improvements thereon, and site preparation for a housing development. A development loan may include costs of architectural, engineering, legal and consulting services, the cost of necessary studies, surveys and governmental permits, and the cost of such other items as the agency deems reasonable and necessary for the initial preparation for construction or rehabilitation of a housing development.

41036 "Elderly" means a family in which the head of the household is 60 years of age or older or a single person who is 60 years of age or older.

41037 "Financial interest" has the same meaning as specified in Section 87103 of the Government Code.

41038 "Fund" means the California Housing Finance Fund

41039 "Governmental agency" means the United States of America, the State of California, any city, county, or city and county within this state and any department, division, public corporation, or public agency of this state or of the United States, or two or more of such entities acting jointly

41040 "Guaranteed" means secured by a pledge of the full faith and credit of the United States for the payment of the principal, interest, and any redemption premium on bonds issued under the authority of this division

41041 "Handicapped" means a family in which the head of the household is suffering from a physical disability affecting his or her ability to obtain employment or a single person with such physical disability, where the family or person requires special care or facilities in the home "Handicapped" also includes a family in which the head of household suffers from a developmental disability specified in subdivision (h) of Section 38003 or a mental disorder which would render him or her eligible to participate in programs of rehabilitation or social services conducted by or on behalf of a public agency, or a single person with such developmental disability or mental disorder

41043 "Housing development" means any work or undertaking of new construction or rehabilitation, or the acquisition of existing residential structures in good condition, for the provision of housing which is financed pursuant to the provisions of this division for the primary purpose of providing decent, safe, and sanitary housing for persons and families of low or moderate income "Housing development" also means housing financed pursuant to this part for rental occupancy of, for resale to or sold to, persons and families of low or moderate income A housing development may include housing for other economic groups as part of an overall plan to develop new or rehabilitated communities or neighborhoods, where housing for persons and families of low or moderate income is a primary goal A housing development may include any buildings, land, equipment, facilities, or other real or personal property which the agency determines pursuant to its rules and regulations to be necessary or convenient in connection with the provision of housing pursuant to this division, including, but not limited to streets, sewers, utilities, parks, site preparation, landscaping, and other nonhousing facilities, such as administrative, community health, recreational, educational, and commercial facilities, and includes child day-care facilities which are an integral part of a planned housing development

41044 "Housing sponsor" means any individual joint venture, partnership, limited partnership, trust, corporation, cooperative, local public entity, or other legal entity, or any combination thereof, certified by the agency pursuant to rules and regulations of the agency as qualified to either own, construct, acquire, rehabilitate, operate, manage, or maintain a housing development, whether for profit, nonprofit, or organized for limited profit, and subject to the regulatory powers of the agency pursuant to rules and regulations of the board and other

terms and conditions set forth in this division "Housing sponsor" includes persons and families of low or moderate income who are approved by the agency as eligible to own and occupy a housing development

41045 "Limited-dividend housing sponsor" means any housing sponsor which owns a housing development and whose profit or cash return is limited pursuant to Section 41482 and regulations adopted by the board pursuant thereto

41046 "Local housing agent" means a city, county, city and county, or combination thereof acting jointly which is certified by the department pursuant to Section 41512 to review applications by prospective housing sponsors for loans made or assisted under this division for housing developments proposed within the territorial boundaries of the local housing agent

41047 "Local public entity" means any county, city, city and county, redevelopment agency organized pursuant to Part 1 (commencing with Section 33000) of Division 24, and housing authority organized pursuant to Part 2 (commencing with Section 34200) of Division 24, and also includes any state agency, public district or other political subdivision of the state, and any instrumentality thereof, which is authorized to engage in or assist in the development or operation of housing for persons and families of low or moderate income "Local public entity" also includes two or more local public entities acting jointly

41048 "Market interest" means, except with respect to loans for rehabilitation, the interest rate determined by the agency pursuant to its rules and regulations, to be the lowest interest rate generally available in the private market for construction loans, new loans, for single-family housing, apartment project loans, or loans on existing housing, as the case may be, at the time of commitment of funds by the agency In the case of rehabilitation loans, "market interest" shall instead mean the interest rate fixed by the agency, not exceeding 10 percent annual interest nor exceeding the applicable bond interest rate by more than 2 percent

41049 "Market rent" means the monthly rent established by the agency as competitive according to its own regulations except where federal regulations provide a required method of determining market rent Determination of market rent may be reviewed annually upon application by the mortgagor, subject to applicable federal regulations, if any

41050. "Metropolitan area" means a standard metropolitan statistical area as established by the United States Office of Management and Budget

41051. "Mortgage" means a mortgage, deed of trust, or other instrument which is a lien on real property "Mortgage" includes the note secured by such an instrument

41052 "Mortgage loan" means a long-term loan which is secured by a mortgage and is made for permanent financing of a housing development in the state.



41053 "Mutual self-help housing" means assisted housing for which persons and families of low or moderate income contribute their own labor in individual or group efforts to provide decent, safe, and sanitary housing for themselves, their families, and others occupying the housing

41054 "Nonmetropolitan area" means an area not included in a metropolitan area or a rural area

41055 "Nonprofit housing sponsor" means a nonprofit corporation incorporated pursuant to Part 1 (commencing with Section 9000) of Division 2 of Title 1 of the Corporations Code or a cooperative corporation incorporated pursuant to Part 2 (commencing with Section 12200) of Division 3 of Title 1 of the Corporations Code or any other corporation which is certified by the agency as a housing sponsor which cannot legally accumulate, distribute, or divert profits and is otherwise qualified to own a housing development

41056. "Persons and families of low or moderate income" means persons and families deemed by the agency to be unable to pay the amounts at which unassisted private enterprise is providing suitable, decent, safe, and sanitary housing. The agency shall adopt regulations establishing criteria for qualification of persons and families of low or moderate income, which may differ among different areas in the state to reflect varying economic and housing conditions. In developing such criteria, factors such as the following shall be taken into consideration:

(a) The amount of the total income of such person or family that is available for housing needs

(b) The size of the household

(c) The cost and condition of available housing

(d) The eligibility of such persons and families for federal housing assistance of any type

"Persons and families of low or moderate income" includes very low income households, but does not include those persons and families whose savings or assets, or whose annual income in combination with such savings and assets, is sufficient to enable them to obtain and maintain decent, safe, and sanitary housing, without undue financial burden, as determined by regulations of the agency

"Persons and families of low or moderate income" includes persons and families of low, moderate, or middle income, as specified in Section 802 of the Housing and Community Development Act of 1974 (P L 93-383).

Income limitations established pursuant to this division for persons and families of moderate income shall not exceed 120 percent of area median income, provided, however, that persons and families with incomes over the area median income, but not exceeding 120 percent of the area median income, may be designated as persons and families of middle income for any purpose of this division to distinguish such persons and families from other persons and families of moderate income. Income limitations for persons and families of low income shall not exceed 80 percent of the area median income. However, the board and the department jointly, or either acting with the concurrence of the Secretary of the Business and Transportation Agency, may modify such

income limitations, upon a determination that they are obsolete. Adjustments above or below such maximum income limitations shall be made to compensate for family size.

41057 "Qualified mortgage lender" means a mortgage lender certified by the agency, pursuant to rules and regulations, thereof, to do business with the agency. Such a mortgage lender may be a bank or trust company, mortgage banker, federal- or state-chartered savings and loan association, service corporation, or other financial institution or governmental agency which is deemed capable of providing service or otherwise aiding in the financing of construction loans and mortgage loans, and nothing in any other provision of state law shall prevent such a lender or governmental agency from serving as a qualified mortgage lender under this division. A "qualified mortgage lender" that violates state law or the terms of any agreement with the agency shall be promptly decertified.

41058 "Real property" means all lands, including improvements and fixtures thereon, and property of any nature appurtenant thereto or used in connection therewith, and every estate, interest and right, legal or equitable, therein including leaseholds, terms of years, and liens by way of judgment, mortgage, or otherwise.

41059 "Rehabilitated dwelling" means a housing development which becomes eligible for a mortgage loan by rehabilitation conducted pursuant to rules and regulations adopted by the agency whether or not a construction loan is provided by the agency for such rehabilitation.

41060 "Rehabilitation" means repairs and improvements to a dwelling unit necessary to make it a decent, safe, and sanitary dwelling which meets applicable state and local building and housing standards. "Rehabilitation" may include other improvements not in excess of 20 percent of the total cost of meeting such standards, except that in the case of owner-occupied housing developments not exceeding four dwelling units, and in participating concentrated rehabilitation areas designated pursuant to Section 41550 where rehabilitation costs exceed two thousand five hundred dollars (\$2,500), other improvements may be included up to 40 percent of the total cost of meeting such standards.

41061 "Rehabilitation loan" means a loan made for rehabilitation which is not secured by a mortgage of first priority.

41062 "Rents" or "rentals" means the charges paid by the persons and families of low or moderate income for occupancy in a housing development assisted under this division whether the housing development is operated on a landlord-tenant basis or as a cooperative.

41063 "Rules", "regulations", or "rules and regulations" mean regulations as defined in Chapter 4-5 (commencing with Section 11371) of Part 1 of Division 3 of Title 2 of the Government Code. All regulations of the department and agency shall be subject to such provisions.

51064 "Rural area" means an area outside any city metropolitan area or urban county as such terms are defined by Section 102 of the Housing and Community Development Act of 1974 (PL 93-383).

41065 "State" means the State of California.

41066 "Subsidy" means any financial assistance specifically provided by a governmental agency for the benefit of persons and families of low or moderate income which is paid to an occupant of housing financed pursuant to this part for housing costs or which reduces such occupant's housing costs. "Subsidy" shall not include any benefit resulting from a loan made by the agency nor any benefit derived from the abatement of taxes levied by the state or a political subdivision thereof.

41067 "Very low income households" means (1) persons and families whose incomes do not exceed the qualifying limits for very low income families established pursuant to Section 8 of the United States Housing Act of 1937, or (2) in the event such federal standards become obsolete, persons and families whose incomes do not exceed 50 percent of the median income for the area in which the housing units in question are located with adjustments, above and below such 50 percent figure for smaller and larger families, as determined by the agency.

#### CHAPTER 3 GENERAL PROVISIONS

41080 In the event of conflict between this division and any other provision of law, the provisions of this division shall be deemed controlling. If any clause, sentence, paragraph or section of this division is held invalid by any court of competent jurisdiction, the decision shall not affect or impair any of the remaining provisions.

41081 The Secretary of the Business and Transportation Agency shall be responsible for allocating financial aid and contributions made available directly to state government or to the agency by any agency of the United States for the purpose of subsidizing housing for persons and families of low or moderate income. The first priority for allocation of such moneys shall be subsidies for housing developments financed or to be financed by the agency.

Nothing in this division shall preclude the establishment of direct relationships between the federal government and local public entities or shall in any way alter the authority of local public entities to directly receive federal funds, nor shall anything in this division be construed to supersede or affect any other provision of law relating to the control of funds by local public entities. Further, nothing in this division shall affect the authority and obligations specified in Chapter 16 (commencing with Section 7260) of Division 7 of Title 1 of the Government Code with respect to payment of relocation assistance or prevent the receipt and disbursement of federal funds made available to any governmental agency for such purpose.

41082 To further the goals of this division and to enable the success of a statewide housing program, it is essential and the Legislature intends that the agency and the department shall closely coordinate their activities to assure that the goals and purposes of this division are realized.

41083 Nothing in this division shall be construed to authorize the creation of a debt or liability of the state within the meaning of Section 1 of Article XVI of the State Constitution

**PART 2 DEPARTMENT OF HOUSING AND COMMUNITY  
DEVELOPMENT AND COMMISSION OF HOUSING AND  
COMMUNITY DEVELOPMENT**

**CHAPTER 1 ORGANIZATION OF THE DEPARTMENT AND GENERAL POWERS**

41100 The Department Housing and Community Development is hereby continued in existence in the Business and Transportation Agency

41101 The department shall be administered by an executive officer known as the Director of Housing and Community Development The director shall be appointed by the Governor, subject to confirmation by the Senate, and shall hold office at the pleasure of the Governor The director shall receive the annual salary provided for by Chapter 6 (commencing with Section 11550) of Part 1 of Division 3 of Title 2 of the Government Code

41102 The provisions of Chapter 2 (commencing with Section 11150) of Part 1 of Division 3 of Title 2 of the Government Code apply to the department, and the director is the head of the department within the meaning of such provisions The director shall perform all duties, exercise all powers, discharge all responsibility, and administer and enforce all laws, rules, and regulations under the jurisdiction of the department The director shall keep all books and records necessary for proper and efficient administration of the department

41103 The Governor shall appoint, upon the recommendation of the director, a deputy director The deputy director shall hold office at the pleasure of the director and shall receive a salary as shall be fixed by the director with the approval of the Department of Finance

41104 The work of the department shall be divided into the following two divisions

(a) The Division of Codes and Standards

(b) The Division of Research and Assistance

41105 Each division shall be in the charge of a chief, under the direction of the director The chiefs shall be appointed upon recommendation by the director, by the Governor Such division chiefs shall hold office at the pleasure of the director, and shall receive a salary as shall be fixed by the director with the approval of the Department of Finance

41106 For the purposes of this division, the department shall have all of the following powers

(a) To sue and be sued in its own name

(b) To have an official seal and to alter it at pleasure

(c) To make and execute contracts and all other instruments necessary or convenient for the exercise of its powers and functions

(d) To employ architects, planners, engineers, attorneys, accountants, experts in housing construction, management and finance, and such other advisers, consultants, and agents as may be necessary in its judgment for the performance of its functions and to fix their compensation in accordance with applicable law

(e) To provide advice, technical information, and consultative and technical services as provided in this division

(f) To establish, revise from time to time, and charge and collect fees and charges for services provided pursuant to this division

(g) To accept gifts or grants or loans of funds or property or financial or other aid from any federal or state agency or private source and to comply with conditions thereof not contrary to law

(h) To enter into agreements or other transactions with any governmental agency, including an agreement for administration of a housing or community development program of the governmental agency by the department, or for administration by another governmental agency of a program of the department, either in whole or in part

(i) To enter such agreements and perform such acts as are necessary to obtain federal housing subsidies for use in connection with the exercise of powers and functions of the department, and to transfer such subsidies to others as required by the agreement

(j) To appear in its own behalf before boards, commissions, departments, or other agencies of local, state, or federal government

(k) To establish such regional offices as deemed necessary to effectuate the department's purposes and functions

(l) To acquire real or personal property, or any interest therein, on either a temporary or long-term basis, in its own name by gift, purchase, transfer, foreclosure, lease, option, or otherwise, including easements or other incorporeal rights in property

(m) To do any and all things necessary to carry out its purposes and exercise the powers expressly granted by this division

41107 The department may adopt, amend, and repeal rules and regulations to carry into effect the powers and purposes of the department and for the conduct of its business. All authority to adopt, amend, or repeal rules and regulations vested by any provision of law in the commission is hereby transferred to the department. Any rules or regulations adopted by the commission or by the Chief of the Division of Housing of the Department of Industrial Relations which are in effect on the effective date of this division shall remain in existence as the regulations of the department until such time as the department repeals or amends such rules or regulations.

41108 The department shall be the principal state department responsible for coordinating federal-state relationships in housing and community development, except for housing finance. The department shall continually evaluate the impact upon the state of federal policies and programs affecting housing and community development and encourage full utilization of federal programs available for assisting the residents of this state, the private housing industry, and local public entities in satisfying housing and community development needs in this state.

41109 The department shall annually submit to the Governor and both houses of the Legislature

(a) Recommendations for changes in state and federal law necessary to meet the need for housing and community development in the state

(b) An annual report of the operations and accomplishments of the department, and of other state departments as they affect state housing and community development activities

(c) A report containing revisions of the California Statewide Housing Plan.

#### CHAPTER 2 POLICY ACTIVITIES OF THE DEPARTMENT

41125 The department shall complete and recommend for adoption a California Statewide Housing Plan. The plan shall be developed in cooperation with the private housing industry as well as regional and local housing and planning agencies and other agencies of the state. Subsequent to environmental review and a review of consistency with other state plans by the State Office of Planning and Research, it shall be referred by the commission, together with the commission's comments, to the Legislature for review, revision, and adoption as the California Statewide Housing Plan. Upon enactment it shall serve as a state housing plan for purposes of the Housing and Community Development Act of 1974 (P L 93-383).

41126 The California Statewide Housing Plan shall incorporate a statement of housing goals, policies, and objectives, as well as the following segments:

(a) An evaluation and summary of housing conditions throughout the State of California, with particular emphasis upon the availability of housing for all economic segments of the state. Such evaluation shall include an analysis of nonmetropolitan and rural areas, as defined and designated by the Bureau of the Census of the United States Department of Commerce, rather than as defined in Sections 41054 and 41064, of each metropolitan area, and of each regional planning area designated by the State Office of Planning and Research or by the United States Department of Housing and Urban Development. The evaluation shall include an analysis of the existing distribution of housing by type, size, gross rent, value, and, to the extent data is available, condition, and of the existing distribution of households by gross income, size, and ethnic character for each such area and region in such form as to present the number of rooms, gross income, household size, rent, and value cross-tabulated in a single table.

(b) Housing development goals for the 1975-76 fiscal year and projected four additional fiscal years ahead. Such goals shall be established as the minimum number of units necessary to be built or rehabilitated by July 1, 1980, in order to provide sufficient housing to house all residents of the state in standard, uncrowded units in suitable locations.

(c) Goals for the provision of housing assistance for the 1975-76 fiscal year and projected four additional fiscal years ahead. Such goals shall be established as the minimum number of households to be assisted which will result in achieving by July 1, 1980 a substantial reduction in the number of very low income households and other persons and families of low or moderate income constrained to pay more than 25 percent of their gross income for housing. Income groups to be considered in establishing such goals shall be designated by the

department and shall include households a significant number of which are required to pay more than 25 percent of their gross income for housing on the effective date of this section, as determined by the department

(d) An identification of market constraints and obstacles and specific recommendations for their removal

(e) An analysis of state and local housing and building codes and their enforcement. Such analysis shall include consideration of whether such codes contain sufficient flexibility to respond to new methods of construction and new materials

(f) Recommendations for state and other public and private action which will contribute to the attainment of housing goals established for California

41127 The department shall annually update and provide to the commission, for review, comment, and submission to the Legislature, a revision of the California Statewide Housing Plan. Such proposed revisions shall become effective upon enactment by the Legislature. Annual revisions proposed by the department shall contain the following segments:

(a) A comparison of the housing goals for the preceding fiscal year with the amount of construction and rehabilitation achieved and housing assistance provided in such fiscal year

(b) A revision of the minimum housing construction and rehabilitation goals specified in subdivision (b) of Section 41126 for the preceding fiscal year, including a revision of the projected goals required by Section 41126 for the current year and projected four additional fiscal years ahead

(c) A revision of the housing assistance goals specified in subdivision (c) of Section 41126 for the current year and projected four additional fiscal years ahead

(d) A revision of the evaluation required by subdivision (a) of Section 41126 as new census or other survey data become available

(e) An updating of recommendations for state action which will facilitate the attainment of housing goals established for California

41128 The California Statewide Housing Plan developed pursuant to Section 41125 shall provide a data base for local housing market studies and serve as a guide for local housing elements required by Section 65302 of the Government Code. It is also intended to serve as a state housing plan and provide a framework for local housing assistance plans meeting requirements of federal law

41129 The goals and recommendations adopted for the California Statewide Housing Plan shall be published once adopted, and shall be republished as revisions are adopted. Sufficient copies shall be made available for distribution to concerned persons throughout the state

41130 The department shall develop a statewide farmworker housing assistance plan and related policies, goals and objectives for inclusion in the California Statewide Housing Plan

41131 The department shall collect, publish and make available to the public information about federal, state, and local laws regarding housing and community development. The department may provide a statistics and research service for the collection and dissemination of information affecting housing and community development.

41132 The department shall develop specifications for the structure, functions, and organization of a housing and community development information system for this state. Such system shall include statistical, demographic, and community development data which will be of assistance to local public entities in the planning and implementation of housing and community development programs.

The department shall, subject to the availability of moneys therefor, establish prototype housing and community development information systems in two or more counties or multiple-county areas. The department shall operate the prototype systems, or it may contract with one or more counties, or with one or more counties and one or more cities, or with a regional agency including one or more counties for operation of one or more prototype systems, and shall report to the Legislature thereon.

41133 The department shall assist and advise the Council on Intergovernmental Relations, or its successor, on the performance of functions specified in Sections 34212, 34213, and 34214 of the Government Code.

41134 The department shall adopt guidelines for the preparation of housing elements required by Section 65302 of the Government Code. The guidelines initially adopted shall conform as nearly as possible to the guidelines adopted by the commission June 17, 1971, and shall be adopted in accordance with the provisions of Chapter 45 (commencing with Section 11371) of Part 1 of Division 3 of Title 2 of the Government Code. After consultation with the State Office of Planning and Research, the department may, from time to time, revise such guidelines.

The department may, upon request, review local housing elements for conformity with the requirements of Section 65302 of the Government Code and guidelines adopted pursuant thereto and report its findings. The department may, in connection with any loan or grant application submitted to the agency, require submission to it for review of any local housing assistance plan adopted pursuant to provisions of the Housing and Community Development Act of 1974 (P.L. 93-383).

41135 The department shall adopt guidelines relating to relocation assistance by public entities pursuant to the provisions of Chapter 16 (commencing with Section 7260) of Division 7 of Title 1 of the Government Code. The department may provide consulting and technical assistance to public entities in drafting and amending rules and regulations relating to relocation assistance pursuant to subdivision (e) of Section 7268 of the Government Code. The department may require public entities to reimburse the department for such assistance as the department provides.

41136 The department shall issue guidelines for the preparation of affirmative plans by local public entities pursuant to Section 65008 of the Government Code.

41137 The department may initiate, develop, and propose regulations for adoption by the agency and review regulations proposed by the board prior to their taking effect, with respect to the following:



(a) Standards for affirmative marketing programs of housing sponsors seeking financial assistance from the agency

(b) Criteria for certifying that the sale or conveyance of real property will primarily benefit persons and families of low or moderate income living in a housing development

(c) Regulations permitting grants to be made by the agency to housing sponsors for the purpose of attaining affordable rents in housing developments financed by the agency. Such grants shall not be made with moneys derived from the sale of bonds

(d) Regulations governing payments, procedures and eligibility for relocation assistance for individuals and families displaced by actions of the agency or of housing sponsors of housing developments

(e) Criteria for qualification of persons, families, and households as persons and families of low or moderate income or very low income households

(f) Regulations establishing the maximum percentage of income which may be paid by persons and families of low or moderate income for rent within the meaning of the term affordable rent, as defined in Section 41023.

(g) Regulations designating broad geographical areas of need on a statewide basis for housing construction or rehabilitation, as identified in the California Statewide Housing Plan, the financing of existing housing, or identifiable types of households with particularly severe housing needs, or establishing priority criteria for the selection of homes and projects to be financed as housing developments

(h) Criteria for inclusion of nonhousing facilities in housing developments financed by the agency

Regulations proposed by the agency in such areas of responsibility shall not take effect without concurrence of the director, the Secretary of the Business and Transportation Agency, or a representative of the secretary specifically designated for such review and approval.

41138 The department may certify local housing agents, and may periodically review, recertify, and decertify such local housing agents as provided in Section 41512

### CHAPTER 3 ASSISTANCE ACTIVITIES OF THE DEPARTMENT

41160. The department may, upon receipt of a request of a local public entity, provide advisory assistance for development of new and rehabilitated housing for persons and families of low or moderate income, the elderly, and persons displaced by governmental action; and in the development of programs to correct or eliminate blight and deterioration and to effect community development or redevelopment

The department may contract with a local public entity to provide any necessary staff services associated with or required by, a local public entity and which could be performed by the staff of a redevelopment agency or housing authority

The department may provide technical assistance in developing housing for students and faculty of universities and colleges upon the request of a potential housing sponsor, or at the request of the governing board or other agency of a university or college.

41161 The department may furnish counseling and guidance services to aid any governmental agency or any private or nonprofit organization or persons in securing the financial aid or cooperation of governmental agencies in the undertaking, construction, maintenance, operation, or financing of housing for Indians, farm laborers and their families, persons and families displaced by action of any state or local public entity, workers engaged in cutting, processing, milling, handling, or shipping lumber or lumber products, the families of such workers the elderly and handicapped and persons and families of low or moderate income. The department may contract for or sponsor, subject to the availability of federal funds, experimental or demonstration projects for permanently fixed or mobile housing designed to meet the special needs of agricultural workers, persons displaced by action of any local public entity, the handicapped the elderly Indians, and persons and families of low or moderate income. Such contracts or sponsorship agreements may be between the department and local public entities, private enterprise, or nonprofit organizations.

41162 The department shall encourage research and demonstration projects to develop new and better techniques, including techniques of rehabilitation, for increasing the quality and supply of housing for persons and families of low or moderate income and may make grants or loans, with or without interest, in connection therewith.

41163 The department may adopt rules and regulations establishing a mutual self-help housing technical assistance program providing grants to nonprofit housing sponsors for carrying out programs of technical and supervisory assistance to aid persons and families of low or moderate income develop mutual self-help housing.

41164 The department may make grants to nonprofit housing sponsors and local public entities for operating, administrative, and other expenses of planning, constructing, rehabilitating, and operating assisted housing and may make grants to housing sponsors for the benefit of residents of assisted housing in order to achieve lower rentals for some or all of the units within the assisted housing. Such grants may not be made with money derived from the sale of bonds.

41165 The department may enter into agreements to provide staffing to assist the Farmers Home Administration of the United States Department of Agriculture in the conduct of federal loan and grant programs for persons and families of low or moderate income in this state which will inure primarily to the benefit of persons and families of low or moderate income.

41166 The department may conduct programs of rental subsidies for tenants of existing housing pursuant to Section 8 of the United States Housing Act of 1937, but may not participate in any competitive application process for operation of an existing housing program in a geographic area which includes a local public entity that has notified the department of its intention to apply. However, in conducting subsidy programs pursuant to this section, the department shall not operate housing developments or engage in the purchase, lease, or sublease of housing developments.

41167 The department may, upon request by a local public entity, provide technical assistance for the purpose of developing applications and plans for community development funding pursuant to the Housing and Community Development Act of 1974 (P L 93-383)

41168 The department shall endeavor to obtain community development funds available under Title I of the Housing and Community Development Act of 1974 (P L 93-383) The department may, if federal funds are available, conduct an innovative neighborhood preservation program in cooperation with a local public entity

41169. The department may provide technical assistance to any public entity or public utility undertaking construction, maintenance, operation, or financing of replacement housing designed for persons displaced because of the acquisition or clearance of real property for public purposes

41170 The department shall develop and, subject to specific authorization and appropriation by the Legislature or the availability of federal subsidies, implement demonstration subsidy programs to test the effectiveness of one or more housing subsidy programs for very low income households and persons and families of low or moderate income Such programs may include housing allowance payments, homeownership downpayment assistance, homeownership interest subsidy, leased housing subleased to very low income households, rent supplement payments on behalf of very low income households, or other types of subsidy programs

41171. The department may provide potential housing sponsors and persons and families of low or moderate income such advisory consultative training and educational services as will assist them to become owners or tenants of housing financed under this division Such training and services may include but are not limited to, technical and professional planning assistance, the preparation and promulgation of organizational planning and development outlines and guides, consultation services, training courses, seminars and lectures, the preparation and dissemination of newsletters and other printed materials

The department shall, subject to appropriation by the Legislature establish a program of such home management training for persons and families of low or moderate income who are occupants or potential occupants of assisted housing

The department may provide potential housing sponsors of multiple-unit housing developments with advisory consultative training and educational services in the management of housing

41172 The department may provide technical assistance and aid to governmental agencies and housing sponsors for the purpose of providing the benefits of assisted housing to very low income households and persons and families of low or moderate income in which the head of household has been previously confined to institutional care

41173 The department may provide comprehensive technical assistance to tribal housing authorities, housing sponsors and governmental agencies on reservations, rancherias and on public domain to facilitate the planning and orderly development of suitable decent, safe and sanitary housing for American Indians residing in such areas Such assistance may include technical assistance in land use planning nat-

ural and environmental resource planning, and economic resource planning. Upon request of the governing body of a reservation or rancharia, the department may act on behalf of the tribal housing authority and perform the functions thereof and for such purpose shall have all the powers granted to housing authorities by Part 2 (commencing with Section 34200) of Division 13.

#### CHAPTER 4 ORGANIZATION OF THE COMMISSION

41200 There is hereby continued in existence in state government the Commission of Housing and Community Development, which shall consist of nine members.

41201 The members shall be appointed by the Governor for four-year terms, subject to confirmation by the State Senate. Members in office on the effective date of this division shall continue to hold office until the expiration of their terms, unless removed pursuant to Section 41202 or any other provision of law.

The term of an appointment to fill any vacancy created prior to the expiration of a term shall be for the unexpired term only. Each member shall continue to hold office after the expiration of his term until a successor has been appointed and qualified.

41202 The Governor has power to remove from office at any time, any members of the commission for continued neglect of duties required by law, or for incompetence, or dishonorable conduct. Nothing in this section shall be construed as a limitation or restriction on the power of the Governor, conferred on him by any other provision of law, to remove any member of the commission.

41203 The chairman of the commission shall be designated by the Governor from among the members and shall serve as chairman at the pleasure of the Governor.

41204 Each commission member shall receive a per diem of fifty dollars (\$50) for each day actually spent in the discharge of official duties and each shall be reimbursed for his traveling and other expenses necessarily incurred in the performance of his duties.

41205 The commission shall meet quarterly and at such other times and places as the commission may designate, for the purpose of transacting its business. Special meetings may be held at such times as the commission may elect, or on the call of the chairman of the commission, or on call of not less than four members thereof. The written notice of the time, place and object of such special meeting shall be made by the secretary to all the members not parties to the call at least 15 days before the day of the meeting.

41206 The Director of Housing and Community Development shall serve as secretary of the commission and as such shall keep the minutes and records of all commission proceedings.

41207 The commission shall establish the policy for the Department of Housing and Community Development.

41208 The commission shall prepare and adopt such minimum standards regulating the use and application of cellular concrete as it determines are reasonably necessary for the protection of life and property.

41209 The commission shall not adopt, amend or repeal regulations after the effective date of this section. Whenever any reference is made to adoption, amendment, or repeal of rules or regulations by the commission, it shall be deemed to be a reference to, and to mean, adoption, amendment or repeal of regulations by the department.

### PART 3 CALIFORNIA HOUSING FINANCE AGENCY

#### CHAPTER 1 ORGANIZATION

41300 The California Housing Finance Agency is hereby created in the Business and Transportation Agency.

41301 The agency shall be administered by a board of directors consisting of 11 voting members, including the State Treasurer, the Secretary of the Business and Transportation Agency, and the Director of Housing and Community Development, or their designees, six members appointed by the Governor, one member appointed by the Speaker of the Assembly, and one member appointed by the Senate Rules Committee. The Director of Finance, the Director of State Planning and Research, and the president of the agency shall serve as nonvoting, ex officio members of the board.

41302 Appointed members of the board shall be able persons broadly reflective of the economic, cultural, and social diversity of the state, including ethnic minorities and women. However, it is not intended that formulas or specific ratios be applied in order to achieve such diversity.

Members of the board appointed by the Speaker of the Assembly or by the Senate Rules Committee, shall not be current members of either house of the Legislature. The terms of members initially appointed by the Speaker of the Assembly and the Senate Rules Committee shall be four years.

Four members of the board appointed by the Governor shall be persons with any of the qualifications described in the following subdivisions:

(a) An elected official of a city or county engaged in the planning or implementation of a housing, housing assistance, redevelopment or housing rehabilitation program.

(b) Experienced in residential real estate in the savings and loan or mortgage banking or commercial banking industry.

(c) A builder of residential housing.

(d) Experienced in organized labor of the residential construction industry.

(e) Experienced in the management of rental housing occupied by lower income households.

The terms of such members initially appointed by the Governor shall be two years with respect to the first two appointments and six years with respect to the other two appointments.

Two additional members of the board appointed by the Governor shall be tenants living in rental housing financed by the agency or experienced in counseling, assisting, or representing tenants. The terms

of such members initially appointed shall be six years for first appointed and two years for the other member. Successors to such initially appointed members shall be tenants living in rental housing financed by the agency, if any exists.

The term of any member of the board appointed to serve subsequent to the expiration of the initial term prescribed by this section shall be six years. Any person appointed to fill a vacancy on the board shall serve only for the remainder of the unexpired term. Subject to continued qualification, any member of the board shall be eligible for re-appointment.

41303 All members of the board appointed by the Governor shall be confirmed by the Senate before taking office.

41304 The representation of varied interest groups on the board shall be deemed essential to obtain information for the development of policy and decisions of the board. It shall not be a conflict of interest for an official of any local public entity or a tenant of any housing development, or a director, officer, stockholder or employee of any savings and loan institution, investment banking firm, brokerage firm, commercial bank or trust company, architectural firm, insurance company, labor union, or any other person, association or corporation to serve as a member of the board. When present at a meeting of the board a board member shall be legally required to participate in the deliberations within the meaning of Section 87101 of the Government Code. If any board member has a financial interest such interest shall be disclosed as a matter of official public record and shall be described with particularity before the board member acts or participates in any way in deliberations affecting such interests.

No board member of the agency may, however, vote on any matter in which the member has a financial interest.

Violations of this section shall constitute grounds for disqualification from office as a board member.

41305 (a) Except for a member acting in his capacity as a governmental official, no member of the board and no officer or employee of the agency shall be employed by, hold any paid official relation to, or have any financial interest in any housing sponsor or any housing development financed or assisted under this part. No real property to which a member of the board or an officer or employee of the agency holds legal title or in which such person has any financial interest shall be purchased by the agency or sold by such member of the board or officer or employee of the agency to a housing sponsor for a housing development to be financed under this part.

Any violation of this section shall be a conflict of interest which shall be grounds for disqualification of the member from the board or the officer or employee of the agency from his office or employment with the board or agency.

(b) Except as provided by subdivision (c) the following actions shall be voidable in the discretion of the agency:

(1) Any purchase by the agency of real property in which a member of the board or an officer or employee of the agency has legal title or a financial interest.

(2) Any commitment by the agency to provide financial assistance to a housing sponsor in which a member of the board or officer or employee of the agency is employed, holds any official relation, or has any financial interest

(3) Any commitment by the agency to provide financial assistance to a housing sponsor to which real property has been or is transferred for a housing development to be financed under this part, if a member of the board or officer or employee of the agency has or has had legal title or any financial interest in such real property

(c) Any commitment by the agency to provide financial assistance under the circumstances specified in paragraph (2) or (3) of subdivision (b) shall not be voidable following release of the funds, but shall be grounds for acceleration of the loan or prospective termination of a contract of financial assistance

41306 Board members shall be removable solely for cause

41307 The Governor shall appoint a chairperson from among board members, who shall, when present, preside at meetings of the board

41308 The board shall elect a president, subject to the approval of the Secretary of the Business and Transportation Agency, who shall serve as the chief executive officer of the agency and shall, subject solely to supervision by the board, administer and direct the day-to-day operations of the agency. The board shall from time to time determine the total number of authorized employees within the agency. The board shall determine the salaries of those employees of the agency whose salaries are not paid from moneys appropriated to the agency from the General Fund, other than moneys appropriated by the act enacting this division

41309 The compensation of the president shall be established by the board in such amount as is reasonably necessary, in the discretion of the board, to attract and hold a person of superior qualifications. However, the salary of the president shall not exceed the salary of the Secretary of the Business and Transportation Agency. Members of the board shall not receive a salary but shall be entitled to a per diem allowance of fifty dollars (\$50) for each day's attendance at a meeting of the board not to exceed three hundred dollars (\$300) in any month, and reimbursement for expenses incurred in the performance of their duties under this part, including travel and other necessary expenses

41310 The president may from time to time employ technical experts and such other employees as may, in his judgment be necessary for the conduct of the business of the agency

41311 Notwithstanding the provision of Sections 11042 and 11043 of the Government Code, the president may employ as attorney to the agency an attorney at law licensed in this state. The attorney shall advise the board, the chairperson and the president, when so requested with regard to all matters in connection with the powers and duties of the agency and the board members and officers thereof. The attorney shall perform all duties and services as attorney to the agency which the agency may require of him

However, except as provided in Section 11040 of the Government Code, the Attorney General shall represent and appear for the people

of the State of California and the agency in all court proceedings involving any question under this division or any order or act of the agency

413115 The Executive Secretary of the Housing Bond Credit Committee created pursuant to Section 41707 shall serve as the executive vice president of the agency and in such capacity shall be directly responsible to the president. The executive vice president shall provide liaison between the agency and the Housing Bond Credit Committee and shall perform such other duties as may be required by the president or the board. The agency shall reimburse the Housing Bond Credit Committee for any compensation paid by the committee to the executive secretary. The salary of the executive vice president of the agency shall not exceed the salary of the president.

41312 The president shall, in consultation with the Secretary of the Business and Transportation Agency, prepare an annual budget, which the chairperson shall present for adoption to the board of directors with his comments.

41313. The board shall approve the sale of obligations or securities and other major contractual agreements and debt obligations. Any other contractual agreements or debt obligations may be approved by the president pursuant to regulations of the board.

41314 The principal offices of the agency shall be located in the City of Sacramento.

#### CHAPTER 2 PURPOSES AND GENERAL PROVISIONS

41331. The primary purpose of the agency shall be to meet the housing needs of persons and families of low or moderate income.

41332 In addition to its primary purpose, the agency shall also seek to attain the following:

(a) Housing developments which meet the housing needs of very low income households by providing that, subject to the availability of subsidies, not less than 30 percent of the units financed by the agency shall be made available on a priority basis to very low income households. The agency shall make every effort to obtain subsidy funds, so that not less than 30 percent of the total number of the following types of units financed by the agency at any time shall be available to very low income households at affordable rents:

(1) All units within housing developments that have received a mortgage loan from the agency not including units within housing developments that have received only a development loan or construction loan except for housing developments, expected to receive a mortgage loan from the agency and for which subsidies have been reserved which will enable units within them, upon completion, to be rented to very low income households.

(2) Units improved with a rehabilitation loan from the agency in the proportion which the average dollar amount of loan assistance received by each such unit bears to the average dollar amount of loan assistance received per unit by all units specified in paragraph (1) which are financed during the preceding 12-month period.



(b) Housing developments providing a socially harmonious environment by meeting the housing needs of both very low income households and other persons and families of low or moderate income and by avoidance of concentration of very low income households that may lead to deterioration of a development

(c) Emphasis on housing developments of superior design, appropriate scale and amenities, and on sites convenient to areas of employment, shopping, and public facilities.

(d) Increasing the range of housing choice for minorities of low income and low-income persons, rather than maintaining or increasing the impact of low-income areas, and cooperation in implementation of local and areawide housing allocation plans adopted by cities, counties, and joint powers entities made up of counties and cities.

(e) Identification of areas of low-vacancy rates where construction is needed, of areas of substandard housing where rehabilitation is needed, and of areas of credit shortage where financing is needed for transfer of existing housing, so as to maximize the impact of financing activities on employment, reduction of housing costs, and maintenance of local economic activity

(f) A balance between metropolitan nonmetropolitan, and rural housing developments, and between family housing and housing for the elderly and handicapped, in general proportion to the needs identified in the statewide housing plan

(g) Minimization of fees and profit allowances of housing sponsors so far as consistent with acceptable performance, in order to maximize the benefit to persons and families of low or moderate income occupying units financed by the agency

(h) Full utilization of federal subsidy assistance for the benefit of persons and families of low or moderate income

(i) Full cooperation and coordination with the local government agencies of the state in meeting the housing needs of cities, counties, and cities and counties on a level of government that is as close as possible to the people it serves

(j) Promoting the recovery and growth of economically depressed businesses located in areas of minority concentration and in mortgage deficient areas

41333 No provision of this part shall be construed as a restriction or limitation upon any powers which the agency or any local public entity might otherwise have under any laws of this state, and this part is cumulative with respect to any such powers. This part shall be construed to provide a complete, additional, and alternative method for the doing of the things authorized thereby and shall be regarded as supplemental and additional to powers conferred by other laws. However, except as expressly specified in this part, the issuance of bonds of the agency need not comply with requirements not contained in this part which are applicable to the issuance of bonds. No proceedings, notices, or approval shall be required for the issuance of any bonds or any instrument given as security therefor, except as provided in this part. Contracts for the construction and acquisition of any housing developments undertaken pursuant to this part need not comply with

the provisions of any other state law applicable to contracts for the construction and acquisition of state-owned property. However, the agency shall adopt regulations for review of construction contracts to which a housing sponsor is a party. The agency shall require that construction financed by a construction loan from the agency on housing developments other than mutual self-help housing not less than the general prevailing rate of per diem wages for work of a similar character in the locality in which the construction is performed, and not less than the general prevailing rate of per diem wages for holiday and overtime work, shall be paid to all workmen employed in such construction exclusive of maintenance work. The agency shall determine or require determination of the general prevailing rate of per diem wages in accordance with the standards set forth in Section 1773 of the Labor Code. Apprentices shall be employed in the construction of housing developments in accordance with the regulations of the agency, which shall impose the same requirements as contained in Section 1777.5 of the Labor Code, except as to differences necessitated by the methods of awarding construction contracts for housing developments financed under this division.

41334 The exercise of the powers specified in this division will be in all respects for the benefit of the people of the state, for their well-being and prosperity, and for the improvement of their social and economic conditions, and the agency shall not be required to pay any tax or assessment on any property, other than a housing development, owned by the agency under the provisions of this division or upon the income therefrom. Any bonds issued by the agency under the provisions of this division, their transfer, and the income therefrom shall at all times be free from taxation by the state or any political subdivision or other instrumentality of the state, excepting inheritance and gift taxes.

41335 The agency and every housing sponsor shall require that occupancy of housing developments assisted under this part shall be open to all regardless of race, sex, marital status, color, religion, national origin, or ancestry, that contractors and subcontractors engaged in the construction of housing developments shall provide an equal opportunity for employment, without discrimination as to race, marital status, sex, color, religion, national origin, or ancestry, and that such contractors and subcontractors shall submit and receive approval of an affirmative action program prior to the commencement of construction or rehabilitation. Affirmative action requirements respecting apprenticeship shall be consistent with Chapter 4 (commencing with Section 3070) of Division 3 of the Labor Code.

All contracts for the management, construction, or rehabilitation of housing developments, and contracts let by housing sponsors, contractors, and subcontractors in the performance of such management, construction, or rehabilitation, shall be let without discrimination as to race, sex, marital status, color, religion, national origin, or ancestry and pursuant to an affirmative action program. The agency shall periodically review implementation of affirmative action programs which shall be at not less than the federal affirmative action standards unless the board makes a specific finding that the requirement would be unworkable required by this section.

It shall be the policy of the agency and housing sponsors to encourage participation in all projects by minority developers, builders, and entrepreneurs in all levels of construction, planning financing, and management of housing developments. In areas of minority concentration the agency shall require significant participation of minorities in the construction, planning financing and management of housing developments. The agency shall adopt rules and regulations to implement the provisions of this section.

Prior to commitment of financing, the agency shall require each housing sponsor who is not a person or family of low or moderate income and who constructs or rehabilitates a housing development that is not mutual self-help housing, to submit an affirmative marketing program which meets standards set forth in regulations of the agency. The agency shall require such a housing sponsor to conduct the affirmative marketing program so approved. Additionally the agency shall supplement the efforts of individual housing sponsors by conducting affirmative marketing programs with respect to such housing at the state level.

41336 It shall be the policy of the agency to coordinate its activities with the department. It shall be the policy of the agency to conduct its operations so as to be fiscally self-sufficient and so as not to require appropriations from the General Fund for payment of its administrative costs.

41337 No development or construction loan shall be made pursuant to this part if the agency determines that the making of such a loan would result in the permanent loss of a subsidy or a reduction in future subsidies due to the failure of the agency to use currently available subsidies.

41338 Loans made pursuant to this part to limited-dividend housing sponsors, nonprofit housing sponsors, local public entities, or other sponsors of rental housing developments shall not exceed 95 percent of the development costs of the housing development for which the loan is made. However, such a loan made to a nonprofit housing sponsor may be for not more than 98 percent of development costs unless the nonprofit housing sponsor has, or will participate in the housing development with another housing sponsor which has a substantial past record of successful residential development and not less than 20 percent and not more than 25 percent of the units in such housing development will be occupied by low-income, nonelderly households.

#### CHAPTER 3 FINANCIAL PROVISIONS

41360 The California Housing Finance Fund is hereby created in the State Treasury.

Construction loan funds may be transferred to the construction lender as necessary to meet draws for progress payments.

All money in the fund is hereby continuously appropriated to the agency for carrying out the purposes of this part, and, notwithstanding the provisions of Chapter 2 (commencing with Section 12850) of Part 25 of Division 3 of Title 2 of the Government Code or the provisions of Article 2 (commencing with Section 13320) of Chapter 3 of Part 3

of such division, application of the fund shall not be subject to the supervision or budgetary approval of any other officer or division of state government. However, the agency's budget shall be prepared in consultation with the Secretary of the Business and Transportation Agency. Additionally, the agency's budget shall be submitted to the Joint Legislative Budget Committee for review and comment. The agency may pledge any or all of the moneys in the fund as security for payment of the principal of, and interest on, bonds issued pursuant to this part, and, for such purpose or as necessary or convenient to the accomplishment of any other purpose of the agency, may divide the fund into separate accounts. All moneys accruing to the agency from whatever source shall be deposited in the fund.

41361 Pursuant to any agreements with the holders of particular bonds pledging any particular assets, revenues or moneys, the agency may create separate accounts in the fund to manage assets, revenues or moneys in the manner set forth in such agreements.

41362 Subject to modification of any agreement with bondholders, revenue derived from principal and interest from mortgage loans shall be deposited in a special account which shall be used exclusively for the amortization of debt and the protection of the underlying security.

41363 The agency shall from time to time direct the State Treasurer to invest moneys in the fund which are not required for its current needs, including proceeds from the sale of any bonds, in such eligible securities specified in Section 16430 of the Government Code as the agency shall designate. The agency may direct the State Treasurer to deposit moneys in interest-bearing accounts in state or national banks or savings and loan associations having principal offices in this state. To the extent public deposits are permitted by law in savings and loan associations, the agency shall direct the State Treasurer to make such deposits based on the agency's allocations of moneys between banks and savings and loan associations. Such deposits shall be made in a manner approximating the relative extent of their participation as qualified mortgage lenders. However, such allocations shall not be required to the extent that they would result in receipt by the agency of a deposit interest rate that is lower than the highest interest rate available from another institution qualified to receive such deposits. The agency may alternatively require the transfer of moneys in the fund to the Surplus Money Investment Fund for investment pursuant to Article 4 (commencing with Section 16470) of Chapter 3 Part 2, Division 4, Title 2 of the Government Code.

All interest or other increment resulting from such investment or deposit shall be deposited in the fund, notwithstanding Section 16305.7 of the Government Code. Moneys in the fund shall not be subject to transfer to any other fund pursuant to any provision of Part 2 (commencing with Section 16300) of Division 4 of Title 2 of the Government Code, excepting the Surplus Money Investment Fund.

41364 The agency is authorized to utilize such moneys as may be appropriated to the fund from time to time by the Legislature for effectuating its purposes, including, but not limited to, the payment of the initial expenses of administration and operation and the establishment of reserves or contingency funds to be available for the payment of the principal of, and the interest on, any bonds of the agency.

41365 The agency shall, within 90 days following the close of each fiscal year, submit an annual report of its activities for the preceding year to the Governor, the Secretary of the Business and Transportation Agency, the Director of Housing and Community Development, the State Treasurer, and the Legislature. Within 90 days following the close of each fiscal year, the agency shall also submit an annual report to the Joint Legislative Audit Committee and the Joint Legislative Budget Committee. Each such report shall set forth a complete operating and financial statement of the agency during the concluded fiscal year. The report shall specify the number of units assisted, the distribution of units among the metropolitan, nonmetropolitan and rural areas of the state, and shall contain a summary of statistical data relative to the incomes of households occupying assisted units, the monthly rentals charged to occupants of rental housing developments, and the sales prices of housing developments purchased during the previous fiscal year by housing sponsors who are persons or families of low or moderate income. The report shall also include a statement of accomplishment during the previous year with respect to the agency's progress, priorities, and affirmative action efforts. The agency shall specifically include in its report on affirmative action goals statistical data on the numbers and percentages of minority sponsors, developers, contractors, subcontractors, suppliers, architects, engineers, attorneys, mortgage bankers or other lenders, insurance agents and managing agents. The agency shall cause an audit of its books and accounts to be made at least once during each fiscal year by an independent certified public accountant and the agency shall be subject to audit by the Department of Finance not more often than once each fiscal year.

Within 90 days following receipt of the agency's annual report, the Joint Legislative Audit Committee and the Joint Legislative Budget Committee shall submit a report on the agency's activities to the Legislature.

41366 All moneys declared by the agency to be surplus moneys which are not required to service or retire bonds issued on behalf of the agency, pay administrative expenses of the agency, accumulate necessary operating or loss reserves, or repay loans to the agency from the General Fund shall be used by the agency to provide special interest reduction programs, subsidies for housing developments or occupants or owners thereof, or counseling programs, as authorized by this division.

#### CHAPTER 4 GENERAL POWERS

41385 The agency shall have all of the following powers:

- (a) To sue and be sued in its own name
- (b) To have an official seal and to alter the same at pleasure
- (c) To have perpetual succession
- (d) To maintain offices at such place or places within the state as it may designate
- (e) To adopt, and from time to time amend and repeal, by action of the board, rules and regulations not inconsistent with the provisions of this part, to carry into effect the powers and purposes of the agency and the conduct of its business. Rules and regulations of the

agency shall be adopted, amended, repealed, and published in accordance with the provisions of Chapter 45 (commencing with Section 11371) of Part 1 of Division 3 of Title 2 of the Government Code. With respect to regulations in areas specified in Section 41137, the agency may propose regulations, but such regulations shall become effective only upon concurrence of the Secretary of the Business and Transportation Agency, or his designated representative, or the Director of Housing and Community Development.

(f) To make and execute contracts and all other instruments necessary or convenient for the exercise of its powers and functions under this part with any governmental agency, private corporation or other entity, or individual, and to contract with any local public entity for processing of any aspect of financing housing developments.

(g) To acquire real or personal property or any interest therein, on either a temporary or long-term basis in its own name by gift, purchase, transfer, foreclosure, lease, option, or otherwise, including easements or other incorporeal rights in property.

(h) To hold, sell, assign, lease, encumber, mortgage or otherwise dispose of any real or personal property or any interest therein, to hold, sell, assign, or otherwise dispose of any mortgage interest owned by it, under its control or custody, or in its possession, and, as applicable, to do any of the acts specified in this subdivision by public or private sale, with or without public bidding, notwithstanding any other provision of law.

(i) To release or relinquish any right title, claim lien, interest, easement, or demand however acquired, including any equity or right of redemption in property foreclosed by it.

(j) To determine the terms and conditions of any mortgage instrument, deed of trust, or promissory note used or executed in conjunction with the financing of any housing development.

(k) To employ architects, engineers, attorneys, accountants, housing construction and financial experts, and such other advisers, consultants and agents as may be necessary in its judgment and to fix their compensation.

(l) To provide advice, technical information, and consultative and technical service in connection with the financing of housing developments pursuant to this part.

(m) To procure insurance against any loss in connection with its property and other assets, including mortgages and mortgage loans, in such amounts and from such insurers as it deems desirable.

(n) To establish, revise from time to time and charge and collect fees and charges in connection with loans made by the agency.

(o) To borrow money and issue bonds, as provided in this part.

(p) To enter such agreements and perform such acts as are necessary to obtain federal housing subsidies for use in connection with housing developments.

(q) To do any and all things necessary to carry out its purposes and exercise the powers expressly granted by this part.

41386 The agency shall be a state representative for purposes of receiving and allocating financial aid and contributions from agencies of the federal government which are provided to the state or to the agency for the purpose of subsidizing housing for persons and families of low or moderate income and may utilize federal subsidies available to it in providing housing for persons and families of low or moderate income or for exercising any other of its powers. The agency shall have priority among all other units of state government for receipt of federal housing subsidies to the extent units financed under this part are eligible for such assistance.

41387 The agency may enter into agreements to provide staffing for the Farmers Home Administration of the United States Department of Agriculture in the conduct of federal loan and grant programs in this state which will inure primarily to the benefit of persons and families of low or moderate income.

41388 The agency may make and execute contracts with qualified mortgage lenders for the initiation or servicing of mortgage loans, construction loans, or development loans made or acquired by the agency pursuant to this part or for other services rendered to the agency. The agency may pay the reasonable value of services rendered to the agency pursuant to such contracts.

41389 The agency may make or undertake commitments to make development loans, construction loans, mortgage loans to housing sponsors to finance housing developments, as provided in Chapter 5 (commencing with Section 41450) of this part.

41390 The agency may purchase and sell construction loan obligations, rehabilitation loan obligations, and mortgage loan obligations as provided in this part.

41391 Prior to the commitment of moneys under this part for the financing of a housing development as provided in Articles 1 to 4 inclusive, of Chapter 5 (commencing with Section 41450) of this part, the agency shall take adequate measures to assure (a) the economic feasibility of the housing development, (b) the financial eligibility of the housing sponsors and tenants, (c) the consistency of the proposed housing development with the current housing objectives of the agency, and (d) the sufficiency of access of the housing development to supporting social services, transportation, schools, employment, and retail merchants. Wherever possible the agency shall verify such facts before financing is committed.

41392 (a) The agency may renegotiate, refinance, foreclose, or contract for the foreclosure of, any mortgage in default and may waive any default or consent to the modification of the terms of any mortgage. With respect to housing developments, the agency shall require that mortgage servicing and foreclosure practices, including forbearance and recasting of mortgages in default conform to agency regulations.

(b) The agency may commence any action to protect or enforce any right conferred upon it by any law mortgage, contract, or other agreement and may bid for and purchase property sold in satisfaction thereof at any foreclosure or other sale or may otherwise acquire and take

possession of such property Subject to any agreement with bondholders, the agency may operate, manage, lease, dispose of, and otherwise deal with such property in such manner as may be necessary to protect the interest of the agency and the holders of its bonds.

41393. The agency may procure insurance or coinsurance or guarantees from the federal government or from any governmental agency or instrumentality thereof, or from any private insurance company, of the payment of principal and interest on any bonds issued by the agency. The agency may pay premiums on any such insurance

41394 The agency may, for services performed, charge and collect from housing sponsors and qualified mortgage lenders such fees and charges for the purpose of defraying administrative and other expenses as the agency may establish from time to time for its lending and mortgage-purchase programs.

41395. The agency may sell or convey real property owned by the agency to nonprofit housing sponsors and local public entities Such sale or conveyance may be without consideration if the agency received the property upon condition that it be so conveyed or sold and if such sale or conveyance will inure primarily to the benefit of persons and families of low or moderate income living in a housing development

41396 The agency shall establish criteria for housing sponsors and qualified mortgage lenders, which shall be designed to assure the financial integrity of programs authorized by this part and which shall provide for effective implementation of the policies and purposes set forth in this part The criteria shall take into account the differences between private and public institutions qualifying as housing sponsors and qualified mortgage lenders.

41397 The agency shall make the payments and provide relocation assistance, as specified in Chapter 16 (commencing with Section 7260) of Division 7 of Title 1 of the Government Code, to persons and families displaced in making a site or structure available for rehabilitation or construction financed under this part, or in the alternative may require the housing sponsor receiving a loan commitment pursuant to this part to make such payments and provide such assistance, whether such displacement has occurred prior to the loan commitment or will occur subsequent thereto

For purposes of this section, displacement includes relocation occurring because of inability to pay increased rentals resulting from rehabilitation

41398 The agency shall establish maximum sale prices for the initial sale of housing developments the acquisition, construction, or rehabilitation of which is financed by the agency in anticipation of sale to persons and families of low or moderate income The agency shall also establish maximum sale prices for any housing development whenever the buyer of such housing development receives a mortgage loan from the agency The maximum sale prices established by the agency pursuant to this section may provide a reasonable profit to the seller while serving the purposes of this part

41399 The agency may make grants to nonprofit housing sponsors and local public agencies to meet expenses incurred in planning, constructing, rehabilitating, or managing housing developments The



agency may make grants to housing sponsors for the purpose of lowering the rents or cooperative housing charges on some or all of the units within a housing development. Grants authorized by this section shall not be made with moneys derived from the sale of bonds.

41400 The agency shall establish a grievance procedure or require housing sponsors to establish such a procedure, or both, for the purpose of resolving complaints by housing sponsors and tenants of housing sponsors and contractual disputes between two or more housing sponsors or between a housing sponsor and a tenant of such housing sponsor. Notwithstanding any other provision of law, no individual or family shall be evicted from a housing development unless the following requirements are met:

(a) The eviction is for good cause as defined by rules and regulations of the agency.

(b) Eviction proceedings shall be commenced by the giving of notice as required by Section 1946 of the Civil Code or Section 1161 or 1161a of the Code of Civil Procedure and served as provided by Section 1162 of the Code of Civil Procedure. Such notice shall contain a statement of the cause for eviction and of the right of the tenant to an impartial hearing and decision pursuant to regulations of the agency if a request for such a hearing is made to the landlord in writing within the period specified in Section 1946 of the Civil Code or Section 1161 of the Code of Civil Procedure, as the case may be.

(c) When the tenant so requests the landlord in writing within the period specified in Section 1946 of the Civil Code or Section 1161 of the Code of Civil Procedure, as the case may be, an impartial hearing, in accordance with procedures established pursuant to regulations of the agency, shall be held and a decision rendered within two weeks after receipt by the landlord of the tenant's written request for a hearing. Good cause for eviction shall be established at the hearing by the preponderance of the evidence.

(d) A defendant in an unlawful detainer proceeding may assert as a defense the failure of the plaintiff or the agency to comply with the requirements of this section or regulations adopted pursuant to this section. A defendant in such a proceeding may assert as a defense that the findings at the hearing were not supported by the preponderance of evidence.

(e) Notwithstanding subdivisions (b) and (c), the right to an impartial hearing shall not vest unless

(1) The landlord fails or refuses to pay into escrow rent previously paid by the tenant under protest of its not being owing, or

(2) The tenant pays into escrow the rent, if any, claimed by the landlord to be due and owing, including rent for the two-week hearing period.

41401. The agency shall adopt standards for the admission of tenants, termination of tenancies, and eligibility of purchasers of housing financed under this part as well as standards establishing maximum percentages of income which a tenant or purchaser may allocate to housing costs, which shall provide consideration for proven ability in individual cases to pay what would otherwise be an unusually high percentage of income for housing costs.

41402 Prior to authorizing a loan under Chapter 6 (commencing with Section 41550) of this part or a mortgage loan under Chapter 5 (commencing with Section 41450) of this part, if the loan under either such chapter is for the purchase by a housing sponsor which is a person or family of low or moderate income of a single-unit housing development, the agency shall:

(a) Require an appraisal of the housing development be done by a competent and experienced appraiser

(b) Establish a maximum purchase price for the housing development

(c) Require that the housing development be either newly constructed, recently rehabilitated, or certified by the local code enforcement agency, or the department to be in good condition

(d) Require that the purchaser intend to occupy the housing development

(e) Require that the loan bear below-market interest except as otherwise provided in Chapter 6 (commencing with Section 41550) of this part

(f) Require, notwithstanding Section 1916.5 of the Civil Code that a mortgage payment schedule at market interest be substituted for an original payment schedule at below-market interest, when the borrower or a subsequent purchaser ceases to be a person or family of low or moderate income and that additional payments of interest resulting therefrom be forwarded to the agency. The agency may waive the requirement of this subdivision when necessary to permit participation in federal mortgage insurance, guaranteed, or purchase programs.

41403 The agency, after approving an application for a mutual self-help housing project, may make development loans and construction loans for land acquisition and development costs to eligible housing sponsors on such terms and conditions and in such amounts as it deems necessary to accomplish the purposes of this part. Such development loans and construction loans may be interest free if sufficient surplus funds exist for such purpose and such loans can be made without jeopardizing the financial self-sufficiency of the agency or the adequacy of its reserves. Land acquired and housing developments financed pursuant to this section shall be sold or conveyed at cost to eligible housing sponsors or to other mutual self-help housing.

The agency may, as part of making a loan pursuant to this section approve the use of loan funds to provide improvement security required under subdivision (c) of Section 66462 and Chapter 5 (commencing with Section 66499) of Division 2 of Title 7 of the Government Code, which shall be in lieu of improvement security otherwise required by such provisions.

In making loans pursuant to this section, the agency, as an alternative to disbursing such loans directly to eligible housing sponsors or persons and families of low or moderate income, may establish procedures retaining such loans or portions thereof, and disburse such amounts directly to the person or entity performing an involved service.

## CHAPTER 5 FINANCING OF HOUSING DEVELOPMENTS

## Article 1 Loans for Housing Developments

41450 Subject to the limitations prescribed by Article 4 (commencing with Section 41475) of this chapter, the agency may make, or undertake commitments to make, development loans, construction loans, mortgage loans, and advances in anticipation of such loans to housing sponsors to finance housing developments

41451 The agency shall make and publish rules and regulations respecting the making of development loans, construction loans, and mortgage loans pursuant to this part, the terms and conditions upon which such loans may be made to housing sponsors, the admission of tenants to a housing development, construction of any ancillary commercial facilities and supervision of housing sponsors, including housing sponsors owning and occupying a housing development. Such regulations shall require where a financing commitment is made for construction of housing to be purchased by persons and families of low or moderate income, that construction will be undertaken in an economical manner, providing the buyer with an attractive home

41452 The agency shall enter into regulatory contracts and other agreements with housing sponsors receiving loans under the provisions of this part

## Article 2 Loans Through Intermediary Lenders and Mortgage Purchase and Sale

41455 The agency may invest in, purchase, or make commitments to purchase, and take assignments from qualified mortgage lenders of, construction loan obligations, mortgage loan obligations, and participations therein for financing or refinancing of housing developments. Such construction loan obligations or mortgage loan obligations shall be limited as to charges, interest, maximum loan amount, and maximum appraised value pursuant to regulations of the agency, which shall be consistent with the purposes of this division. Such construction loan obligations or mortgage loan obligations may be held or sold by the agency, or the agency may create pools of construction loan obligations or mortgage loan obligations held by the agency and may sell securities backed by such pools

41456 The agency may invest in, purchase, or make commitments to purchase any obligation secured by a mortgage or participation therein, and sell such obligations or create pools of such obligations held by the agency and issue and sell securities backed by such pools. The agency shall require the seller of mortgages purchased by the agency to use the proceeds for the purpose of financing housing developments

41457 The agency may insure or guarantee any obligation held by the agency and secured by a mortgage on a single-unit housing development for the purpose of increasing its acceptability or value for sale or as security for other obligations. Nothing in this section shall, however, be construed as authorizing the creation of a debt or liability of the state within the meaning of Section 1 of Article XVI of the State Constitution

41458 Sales of mortgage obligations and securities pursuant to this article may be made at public or private sale, with or without public bidding, whether directly or through a contract with a private marketing intermediary

### Article 3 Loans to Qualified Mortgage Lenders

41465 The agency may make loans to qualified mortgage lenders under terms and conditions requiring the proceeds thereof to be used by such mortgage lenders for the purpose of making construction loans and mortgage loans for the purpose of financing housing developments, as defined in Section 41043

41466 The agency may make loans to qualified mortgage lenders under terms and conditions requiring the proceeds thereof to be used by such mortgage lenders for the purpose of making mortgage loans to finance housing developments

41467 Loans shall not be made under this article unless they can be made at a lower net interest cost to a housing sponsor than is available with loans made under the provisions of Article 1 (commencing with Section 41450), Article 2 (commencing with Section 41455) or Article 4 (commencing with Section 41475) of this chapter

41468 Loans shall not be made by the agency to a qualified mortgage lender under the provisions of this article, except pursuant to an agreement between the agency and the qualified mortgage lender. Such agreements shall include the following

(a) A maximum interest rate that can be charged for construction loans or mortgage loans

(b) A recital of the requirements of loans for housing developments authorized by this part

(c) Standards for mortgage-servicing and foreclosure practices, including programs of forbearance and recasting for mortgages in default

41469 In connection with loans made pursuant to this article the agency may collect, enforce the collection of, and foreclose on any collateral securing the loans and may acquire or take possession of such collateral and sell the same at public or private sale, with or without public bidding and otherwise deal with such collateral as may be necessary to protect the interest of the agency therein. The exercise of the powers specified in this subdivision shall be subject to any agreements with bondholders

### Article 4 Lender of Last Resort

41475 Except as provided in this article, the agency shall not make construction loans or mortgage loans for the purpose of financing owner-occupied housing developments unless such loans are made through a qualified mortgage lender

41476 In rural areas the agency may make and undertake commitments to make construction loans and mortgage loans to housing sponsors to finance housing developments without the participation of a qualified mortgage lender if no qualified mortgage lender will participate in financing such housing developments as provided in Article 2

(commencing with Section 41455) or Article 3 (commencing with Section 41465) of this Chapter, or if the board determines that the agency can initiate or service loans directly at less cost than through use of a qualified mortgage lender

41477 The agency may make and undertake commitments to make construction loans and mortgage loans to finance owner-occupied housing developments without the participation of a qualified mortgage lender where the income of the owner-occupant is no greater than 65 percent of the median income for the area in which the housing development is located determined by the United States Department of Housing and Urban Development

#### Article 5 Supervision of Housing Sponsors

41480 The agency shall do the following:

(a) Prescribe uniform systems of accounts and records for housing sponsors of rental and cooperative housing developments and require them to make reports and give answers to specific questions on such forms and at such times as may be necessary for the purposes of this part

(b) Establish minimum capital reserves to be maintained by non-profit and limited-dividend housing sponsors of rental and cooperative housing developments

(c) Fix and alter from time to time a schedule of rents such as may be necessary to provide occupants who are persons and families of low or moderate income with affordable rents to the extent consistent with the maintenance of the financial integrity of the housing development and to provide profits to housing sponsors subject to the limitations of Section 41482 Any commercial facilities constituting a portion of a single housing development financed pursuant to this part shall, to the extent they receive the benefit of below-market-rate financing from the agency, assist in the support of apartment residential facilities. No housing sponsor shall increase the rent charged on any assisted rental unit without the prior permission of the agency, which shall be given only if the housing sponsor affirmatively demonstrates that such increase is necessary to defray increased operating costs or avoid jeopardizing the fiscal integrity of the housing development Prior notice of any rent increase shall be given in writing as required by Section 1946 of the Civil Code Prior to the time any rent increase is effective the housing sponsor shall notify every affected tenant, in writing, of informal meetings with the housing sponsor to review the proposed rent increase

(d) Determine standards for, and control selection by housing sponsors of, tenants and purchasers

41481 The agency may do any of the following with respect to housing sponsors of rental and cooperative housing developments:

(a) Through its agents or employees, enter upon and inspect the lands, buildings and equipment of a housing sponsor, including all parts thereof and examine the books and records of a housing sponsor However, there shall be no entry or inspection of occupied units without reasonable notice

(b) Supervise the operation and maintenance of any housing development and order such repairs as may be necessary to protect the public interest or the health, safety, or welfare of occupants of the housing development

(c) Require any housing sponsor to pay to the agency such fees as it may prescribe to defray its costs incurred in connection with the examination, inspection, supervision, auditing, or other regulation of the housing sponsor

(d) Regulate the retirement of any capital investments or the redemption of stock or the distribution of any equity interest in any housing sponsor.

(e) Order any housing sponsor to do, or to refrain from doing, any act, as may be necessary to comply with the provisions of state, federal, or local laws, the rules and regulations of the agency, or the terms of any contract between the agency and the housing sponsor

(f) Withhold the transfer of construction payments to a housing sponsor pending adequate performance, as determined by the agency, of any acts required of such housing sponsor pursuant to the provisions of this part or pursuant to any agreement by and between the agency and such housing sponsor

41482 Every limited-dividend housing sponsor of a rental housing development which receives a construction loan or mortgage loan or a grant pursuant to this part shall enter into an agreement with the agency providing for disposition of property and limitation of earnings distribution to an annual amount no greater than 6 percent of the equity invested in the housing development. The agency may permit a distribution greater than 6 percent to investors contributing additional equity money to an existing housing development, or in the case of a housing development over which the agency has assumed managerial and financial control pursuant to Section 41483

41483. Upon making a determination that the financial status of a rental or cooperative housing development is such as to jeopardize any financial interest of the agency in such housing development the agency may assume managerial and financial control of the housing sponsor and may supervise and prescribe the activities of the housing sponsor in such manner and under such terms and conditions as the agency may provide in its rules and regulations or as it may stipulate in any contract with the housing sponsor. Such control may be exercised through appointment by the agency to the governing body of such housing sponsor of a number of new members sufficient to constitute a voting majority of the governing body thereof, notwithstanding the provisions of the articles of incorporation or other documents of organization of the housing sponsor

41484 The agency may prescribe regulations specifying the categories of cost which shall be allowable in the construction or rehabilitation of a housing development. The agency may require any housing sponsor to certify the development costs upon completion of the housing development. Such certification of development costs shall be subject to audit and verification by the agency

41485 The agency may institute any action or proceeding pursuant to applicable provisions of law against any housing sponsor receiving or assuming a loan under the provisions of this part in any court of competent jurisdiction in order to enforce the provisions of this part or the terms and provisions of any contract between the agency and such housing sponsor, to foreclose its mortgage or to otherwise protect the public interest or the occupants of the housing development. Where necessary to protect the interests of the agency, it may, in connection with any such action or proceeding apply to the court for the appointment of a receiver to take over, manage, operate, and maintain the affairs of the housing sponsor of a rental or cooperative housing development. No receiver shall be appointed unless approved by the agency.

In the event of the reorganization of any housing sponsor, to the extent permitted by law, such reorganization shall be subject to the supervision and control of the agency and no such reorganization shall be effected without the prior written consent of the agency. In the event of a judgment against any housing sponsor in any action to which the agency is not a party, there shall be no sale of the housing development or any portion thereof, except upon 60 days' written notice to the agency. Upon receipt of such notice, the agency or Attorney General shall take such steps as in its judgment may be necessary to protect the rights of all parties.

41486 Whenever a housing sponsor of a rental or cooperative housing development accumulates an earned surplus greater than such operating and replacement reserves as the agency may require surplus shall be used to reduce rents within the housing development to a level at which no person or family of low or moderate income occupying the housing development pays more than the affordable rent. Whenever a housing sponsor of a rental or cooperative housing development accumulates an earned surplus greater than such operating and replacement reserves as the agency may require and no person or family of low or moderate income occupying the housing development pays more than the affordable rent, then such surplus shall be transferred to the agency for use in lowering the rents for persons and families of low or moderate income in other housing developments to a level no greater than the affordable rents.

41487 A housing sponsor that is a person or family of low or moderate income shall not receive financial assistance under this part if such person or family has already received assistance under this part for purchase of other real property, unless such property is sold or transferred for good cause as determined by the agency.

#### Article 6 Priorities

41495 In selecting homes and projects to be financed as housing developments, the agency shall give priority consideration to the needs of identifiable groups within the state as identified by the California Statewide Housing Plan. Such groups may include but need not be limited to elderly persons, handicapped persons, large households, and persons and families displaced by governmental action or natural disaster. The agency shall also consider rural areas, areas in which new

construction is needed, areas in which rehabilitation is needed and areas of credit shortage where financing is needed for the purchase of existing housing in order to maximize the impact of the agency's financial activities on employment, reduction of housing costs, and maintenance of local economic activity. The agency shall balance its activity between urban and rural areas of the state and between non-elderly housing and housing for the elderly and handicapped.

41496 Subject to the availability of sufficient subsidies not less than 30 percent of the total units receiving mortgage loans pursuant to this part during each fiscal year shall be made available on a priority basis to very low income households. Subject to the availability of sufficient subsidies, not less than 20 percent of the units in each housing development shall be made available on a priority basis to very low income households, except that such requirement shall not apply to housing developments of less than 12 units where the agency finds it is not necessary to make units available in the development for very low income households to meet the requirement of making 30 percent of such total units available to very low income households. Units required to be made available on a priority basis pursuant to this section shall be offered exclusively to those within the priority group unless or until the agency permits the unit to be offered to other potential occupant groups.

41497 If at any time, the number of units in housing developments available to very low income households falls below 20 percent of the total units in housing developments, the agency shall immediately notify the Governor, the Speaker of the Assembly, and the Senate Rules Committee and shall recommend such legislation or other action as may be required to make at least 20 percent of the units so available.

41498 At the time a mortgage loan commitment is made to finance any rental housing development, a written agreement between the agency and housing sponsor shall be executed, designating the number of units to be made available on a priority basis within such housing development to very low income households, to persons and families of low or moderate income, and to other households. If the number of units occupied by very low income households in any housing development ever falls below the number agreed to by the agency and housing sponsor, then units which become available for occupancy shall subject to available subsidies be made available on a priority basis to very low income households until the number of units so occupied equals at least the number specified in the agreement. The agency may from time to time review agreements designating the allocation of units and, subject to agreement with the housing sponsor may increase the number of units to be made available to very low income households if consistent with maintenance of the financial integrity of the housing development and continuance of permitted earnings distributions, or may establish minimum rents or minimum incomes for occupancy of units becoming vacant and not otherwise allocated to very low income households if necessary to the financial integrity of the housing development and continuance of permitted earnings distributions.



41499 Nothing in this part shall require the agency to allocate more than 25 percent of the units in any single housing development to very low income households, except housing designed for occupancy by elderly or handicapped households or housing developments of 12 units or less, with respect to which the board finds it necessary for the purposes of this division that such proportion be exceeded.

41500. Not less than 30 percent nor more than 40 percent of the units financed by the agency during each fiscal year for very low income households shall be designed specifically for occupancy by elderly or handicapped persons.

41501. The agency shall assist housing sponsors in obtaining subsidies. In selecting housing developments to be given assistance under this part, the agency shall give priority to those which are able to obtain subsidies but cannot obtain alternative financing in order to utilize such subsidies. The agency shall make every effort to obtain subsidy funds and nothing in this part shall preclude the agency from meeting the eligibility requirements for obtaining federal housing subsidy allocations.

41502 To implement the purposes of this division, the agency shall develop or require housing sponsors to develop, pursuant to regulations of the agency, resident selection plans for housing developments, which shall provide that preference be given to households displaced by a housing development, public action, or natural disaster. Such plans shall include criteria for resident selection, which shall establish income limits for residents, and may include a counseling program designed to promote the financial success of the housing development or the health, safety, and welfare of residents of the housing development. The agency may make participation in such a counseling program a condition or precondition of occupancy of a housing development.

#### Article 7 State and Local Cooperation

41510. The agency may, in connection with a housing development, arrange or contract with a local public entity (1) for the planning, replanning, opening, grading, or closing of streets, roads, roadways, alleys or other places, (2) for the furnishing of utilities or any community, municipal or public facilities or services, (3) for the acquisition by a local public entity of property or property rights, or (4) for the furnishing of property or services. Any local public entity may, upon finding that a public purpose is served thereby and notwithstanding any other provision of law, enter into such contractual agreements with the agency and to do all things necessary to carry out its obligations.

41511 Notwithstanding any other provision of law, the Department of General Services, any other state agency or officer authorized by law to convey real property of the state, and any local public entity may, in his or its discretion, from time to time sell, lease for a term not exceeding 55 years, grant, or convey to the agency or to a housing sponsor designated by the agency any real property and appurtenances thereto or any interest therein owned by the state or local public entity which the agency shall certify as necessary for its purposes. Such certification of need shall be evidenced by a formal

request from the president of the agency. Any such sale, lease, grant, or conveyance shall be made with or without consideration and upon such terms and conditions as may be mutually agreed upon by the state or local public entity and the agency. However, before any such sale, lease, grant, or conveyance is made at less than fair market value, the agency shall make a finding that the difference between the consideration required and fair market value will inure primarily to the benefit of persons and families of low or moderate income.

41512 (a) Upon application to the department, any city, county, city and county, or combination thereof acting jointly shall be certified as a local housing agent by the department if the department determines that the applicant meets the criteria specified in subdivision (b). If a local housing agent consists of more than one city, county, or city and county, each such entity shall individually meet the criteria of subdivision (b). (b) All applications of prospective housing sponsors for loans or grants authorized by this part shall be reviewed by the local housing agent, if any, for the area in which the housing development to be financed is proposed to be located. The local housing agent shall approve an application, unless it expressly finds that the application does not meet one or more of the following criteria:

(1) The proposed housing development conforms with a housing element that meets the requirements of subdivision (b).

(2) The proposed housing development is consistent with the provision of a full range of housing opportunities within the jurisdiction of the local housing agent.

(3) The proposed housing development would be in compliance with applicable federal, state, and local laws respecting economic and non-discriminatory mix in housing.

An application shall be deemed approved if the local housing agent fails to approve or reject it within 40 days following the date of submission.

(b) A local housing agent shall meet all of the following criteria:

(1) The local housing agent shall have adopted a housing element, as required by subdivision (c) of Section 65302 of the Government Code, and an affirmative housing plan, if required by Section 65008 of the Government Code. The housing element shall not conflict with any housing assistance plan submitted to the federal government as part of an application to obtain funds for community development or housing.

(2) The housing element of the local agency shall whenever possible provide for an economic and racial mix in new and rehabilitated housing throughout its jurisdiction.

(3) The local housing agent shall develop or specify a procedure, which shall be identified in its application to the agency, to expedite the processing of zoning changes, use permits, building permits, environmental clearance, and any other type of permit, approval, or clearance which may be required by the city, county, or city and county or by any other local public entity or governmental agency prior to construction or rehabilitation of a housing development.

(c) No housing development shall be assisted by a loan authorized by this part, unless the housing development has received the approval of the local housing agent. This subdivision shall not be applicable to housing developments proposed for areas in which there is no local housing agent.

(d) A local housing agent may delegate the function specified in this section to any local public entity, with the approval of the agency.

(e) At any time a local housing agent ceases to meet the criteria specified in subdivision (b), the department may decertify the local housing agent. Certification of the local housing agent shall be reviewed annually by the department. Recertification shall not be granted if the department finds that, during the preceding year, the local housing agent has unreasonably denied approval of applications or has ceased to perform its functions under subdivision (a).

41513 To facilitate coordinated planning on an intergovernmental basis, the agency shall provide an opportunity for review and comment to councils of governments certified by the United States Department of Housing and Urban Development for the purpose of comprehensive areawide planning, concerning proposed housing developments of more than 25 units within the respective jurisdictions of such organizations. If such a council of governments, within 40 days after receiving notification of a proposed housing development of over 25 units within its jurisdiction, notifies the agency that it disapproves of such housing development, the agency shall, prior to recondition of a loan to finance the housing development, provide to the council of governments a written explanation of the board's reasons for proceeding despite such disapproval.

#### CHAPTER 6 NEIGHBORHOOD PRESERVATION

41550 In accordance with the provisions of this chapter, the agency may provide assistance for rehabilitation, refinancing, and financing of housing developments.

41551 Upon application by a local public entity, the agency may designate an area within a city or county as a participating concentrated rehabilitation area if it makes the following findings:

(a) The area was selected by the governing body of the city or county after citizen participation.

(b) There are a significant number of older and deteriorating structures in such area requiring rehabilitation.

(c) Rehabilitation assistance is necessary to enable and encourage residents in such area to cooperate in a local program of concentrated code enforcement.

(d) Rehabilitation of structures will arrest deterioration in the area.

(e) Rehabilitation of structures in the area is economically feasible.

(f) The local public entity has offered to contract with the agency to (1) provide necessary supporting neighborhood public improvements and services, such as street improvements, landscaping and acquisition of open space, undergrounding of utility lines, and construction of drainage facilities in the area for which eligibility has been requested, and (2) provide concentrated and continuing enforcement of state and local housing and building standards in such area.

(g) The local public entity has made every effort to prevent unnecessary displacement in accomplishing rehabilitation and has an adequate program of relocation advisory assistance for persons unavoidably displaced due to rehabilitation

(h) The supply of housing available to very low income households at affordable rents and the supply of housing available to persons and families of moderate income at affordable rents will not be reduced within the area because those displaced will receive relocation payments and be able to obtain standard housing in the area. Alternatively, standard housing will be available at affordable rents in equally desirable neighborhoods, expanding the range of housing opportunities for minority and low-income persons

(i) The local public entity has adopted a housing element in compliance with Section 65302 of the Government Code and adopted housing element guidelines which set forth an effective plan for systematic enforcement of state and local building and housing standards throughout its jurisdiction

(j) The application is consistent with local housing assistance plans adopted pursuant to the Housing and Community Development Act of 1974 (Public Law 93-383)

For 150 days following the effective date of this division, the agency may provide financing under the provisions of this chapter for housing developments within a proposed concentrated rehabilitation area, without making the findings otherwise required by this section if prompt action is necessary to obtain federal housing subsidies

41552 Upon approval of a participating concentrated rehabilitation area, the agency may either

(a) Enter into an agreement with the local public entity for purchase by the agency of bonds and notes issued pursuant to Chapter 3 (commencing with Section 37930) of Part 13 of Division 24, or

(b) Enter into an agreement with the local public entity for a program of rehabilitation assistance as provided in Section 41551 or 41554 or both, to be administered by the local public entity, or

(c) Enter into an agreement with the local public entity for a program of rehabilitation assistance as provided in Section 41553 or 41554, or both, to be administered by the agency

41553 Rehabilitation assistance for single-unit housing developments in participating concentrated rehabilitation areas shall include any or all of the following programs

(a) A program providing mortgage loans to finance the purchase of rehabilitated housing developments for owner occupancy

(b) A program providing construction loans for rehabilitation of housing developments to be sold for owner occupancy

(c) A program providing rehabilitation loans for rehabilitation of single-unit owner-occupied housing developments with interest rates based on income. The highest interest rate shall be market interest

(d) A program providing construction loans and mortgage loans to owners of single-unit owner-occupied housing developments for the purpose of rehabilitating and refinancing such housing developments

where the cost of rehabilitation without refinancing exceeds the financial capability of the owner. The terms and interest rates of such loans shall be commensurate with ability to pay, as established by regulations of the agency.

(e) A program of market interest rehabilitation loans provided through an agreement with a qualified mortgage lender under which the mortgage lender supplies 75 percent of the funds for each rehabilitation loan.

Rehabilitation loans provided under this section may be made at market interest to persons or families other than persons and families of low or moderate income if financing at market interest is not otherwise available.

41554 In addition, rehabilitation assistance may be provided in participating concentrated rehabilitation areas through construction loans, rehabilitation loans, and mortgage loans for the rehabilitation, acquisition and rehabilitation, or refinancing and rehabilitation of rental and cooperative housing developments. With respect to rehabilitation loans made to finance rental housing developments of more than one but less than five units in which the owner of the housing development lives, the highest interest rate charged shall be market interest and the rents charged by the owner shall be regulated in a manner consistent with maintenance of the supply of housing as set forth in subdivision (h) of Section 41551. Housing sponsors receiving mortgage loans pursuant to this section shall be subject to supervision and regulation pursuant to Article 5 (commencing with Section 41480) of Chapter 5 of this part. With respect to rehabilitation loans, the agency shall require that borrowers contract during the term of the loan not to raise rentals over an amount which the agency by regulation establishes will yield a fair rate of return and will allow for increases reasonably necessary to provide and continue proper maintenance of the property. Market interest rehabilitation loans may be made for residential structures other than housing developments, if financing at market interest is not otherwise available. Market interest rehabilitation loans may be provided through an agreement with a qualified mortgage lender, under which the mortgage lender supplies 75 percent of the funds for each rehabilitation loan.

41555 Relocation payments shall be made to persons displaced because of inability to afford costs of compliance, temporary displacement for rehabilitation work assisted under this part, or rent increases resulting from rehabilitation, with eligibility and amount of assistance to be determined pursuant to the Uniform Relocation and Real Property Acquisition Policies Act of 1970 (40 U.S.C., Sec. 4601) or Chapter 16 (commencing with Section 7260) of Division 7 of Title 1 of the Government Code.

41556 Upon application by a local public entity the agency may designate a participating mortgage funds assistance area, after soliciting maximum feasible participation by local agencies and community organizations, if it makes the following findings:

(a) Market interest mortgage financing is generally unavailable in the area.

(b) Deterioration in the area has not progressed to a stage where there is a substantial number of structures which do not conform to rehabilitation standards. Alternatively, the area has deteriorated significantly but is anticipated to be assisted, within the following three years, by a rehabilitation assistance program, such as provided in this chapter.

(c) Unavailability of mortgage funds is likely to be a primary cause of deterioration of structures located in the area in the future

(d) Mortgage assistance in the area is likely to prevent or arrest deterioration in the area.

(e) Mortgage assistance in the area is economically feasible

(f) The area was selected after citizen participation

(g) Agency activity in the area will inure primarily to the benefit of persons and families of low and moderate income

41557. In a participating mortgage funds assistance area, the agency may provide mortgage loans at market interest to purchasers of residential structures under an agreement with the local public entity for administration by the agency or for administration of the loan program by the local public entity

41558 Upon application by a local public entity the agency may agree to allocate funds for mortgage loans for rehabilitation of housing developments as required in a citywide or countywide program of enforcement of state and local building and housing standards. Such assistance may be administered by the local public entity or the agency

#### CHAPTER 7 REVENUE BONDS

41700 The agency may from time to time issue its negotiable bonds in such principal amount as the agency, with the approval of the Housing Bond Credit Committee, shall determine to be necessary to provide sufficient funds for financing housing developments and for the payment of interest on bonds of the agency, establishment of reserves to secure such bonds, and other expenditures of the agency incident to, and necessary or convenient to, issuance of such bonds

Issuance of the bonds of the agency shall be coordinated by the State Treasurer. To obtain a date for the issuance of bonds, the agency shall inform the State Treasurer of the amount of the proposed issue. Upon such notification, the State Treasurer shall provide three 10-day periods, within the 90 days next following, when the bonds could be issued, subject to approval of the Housing Bond Credit Committee. The agency may choose any date during the suggested periods or any other date to which the agency and the State Treasurer have mutually agreed. The State Treasurer shall sell the bonds on the date chosen according to terms approved by the agency.

The aggregate principal amount of nonguaranteed bonds which may be issued pursuant to this part shall not exceed three hundred million dollars (\$300,000,000), exclusive of indebtedness incurred to refund or renew previously issued bonds of the agency to the extent of the outstanding principal indebtedness of such previously issued bonds, including the payment of any redemption premium thereon and any interest

accrued or to accrue to the date of redemption of such bonds. Guaranteed taxable bonds to be issued by the agency may be authorized in an amount not exceeding one-half of the authorization for nonguaranteed bonds.

Notwithstanding any other provisions of this part, only the following types of housing developments may be eligible for mortgage loans made with the proceeds of bonds.

(a) Housing developments financed with taxable bonds of the agency guaranteed under Section 802 of Title VIII of the Federal Housing and Community Development Act of 1974

(b) Housing developments financed with bonds of the agency that are guaranteed, or the timely payment of principal and interest of which is insured, by an agency of the state or by a private insuring entity authorized to engage in such business

(c) Housing developments, the mortgage loans on which are expected to be insured under a program utilizing federal coninsurance as authorized under Section 244 of Title III of the Federal Housing and Community Development Act of 1974 (P L 93-383)

(d) Housing developments, the mortgage loans on which are expected to be insured by an agency of the state, a political subdivision of the state, or by a private insuring entity authorized to engage in such business.

(e) Housing developments, the mortgage loans on which are expected to be insured by the Federal Housing Administration or guaranteed by the United States Veterans Administration

(f) Housing developments financed by a loan made by the agency to a qualified mortgage lender, if both of the following conditions are met.

(1) The loan to the qualified mortgage lender is a general obligation of the mortgage lender, and

(2) The qualified mortgage lender is a member of or a subsidiary of a member of, the Federal Deposit Insurance Corporation or of the Federal Savings and Loan Insurance Corporation

(g) Housing developments financed by tax-exempt bonds for which a bond reserve fund is created that equals at least the average annual debt service on the bonds issued

41701 The agency may, from time to time, issue (1) notes to renew notes and (2) other bond obligations to pay notes, including the interest thereon and, whenever it deems refunding expedient, to refund any bonds by the issuance of new bonds, whether the bonds to be refunded have or have not matured, and to issue bonds partly to refund bonds then outstanding and partly for any of its purposes

41702 Except as may otherwise be expressly provided by resolution of the agency, every issue of its bonds shall be general obligations of the agency payable out of any assets, revenues, or moneys of the agency, subject only to any agreements with the holders of particular bonds pledging any particular assets, revenues or moneys

41703 The bonds shall be authorized by resolution or resolutions of the agency, shall bear such date or dates, and shall mature at such time or times as such resolution or resolutions may provide, except that no bond shall mature more than 50 years from the date of its issue. The

bonds may be issued as serial bonds payable in annual installments or as term bonds, or as a combination thereof, and, notwithstanding any other provision of law, the amount of principal of, or interest on, bonds maturing at each date of maturity need not be equal. The bonds shall bear interest at such rate or rates, be in such denominations, be in such form, either coupon or registered, carry such registration privileges, be executed in such manner, be payable in such medium of payment at such place or places within or without the state, and be subject to such terms of redemption as such resolution or resolutions may provide. The bonds of the agency shall be sold by the State Treasurer at or below such price level or levels as the agency shall determine prior to the date or dates of any sale or sales.

41704 Any resolution or resolutions authorizing any bonds or issue therefor may contain provisions, which shall be a part of the contract or contracts with the holders thereof, as to

(a) Pledging all or any part of the revenues of the agency to secure the payment of the bonds or any issue thereof, subject to such agreements with bondholders as may then exist

(b) Pledging all or any part of the assets of the agency, including mortgages and obligations securing the same, to secure the payment of the bonds or any issue thereof, subject to such agreements with note-holders or bondholders as may then exist

(c) The use and disposition of the gross income from mortgages owned by the agency and payment of principal of mortgages owned by the agency

(d) The setting aside of reserves or sinking funds and the regulation and disposition thereof

(e) Limitations on the purposes to which the proceeds of a sale of bonds may be applied and pledging such proceeds to secure the payment of the bonds or of any issue thereof

(f) Limitations on the issuance of additional bonds, the terms upon which additional notes or bonds may be issued and secured, and the refunding of outstanding bonds

(g) The procedure, if any, by which the terms of any contract with bondholders may be amended or abrogated the amount of bonds the holders of which must consent thereto, and the manner in which such consent may be given

(h) Limitations on the amount of moneys to be expended by the agency for operating expenses of the agency

(i) Vesting in a trustee or trustees such property, rights, powers, and duties in trust as the agency may determine, which may include any or all of the rights, powers, and duties of the trustee appointed by the bondholders pursuant to this part and limiting or abrogating the right of the bondholders to appoint a trustee or limiting the rights, powers, and duties of such trustee

(j) Defining the acts or omissions to act which shall constitute a default in the obligations and duties of the agency to the holders of the bonds and providing for the rights and remedies of the holders of the bonds in the event of such default including as a matter of right the appointment of a receiver. However, such rights and remedies shall not be inconsistent with the general laws of the state and the other provisions of this division



(k) Any other matters, of like or different character, which in any way affect the security, protection or investment return of the holders of the bonds

41704.5 Any resolution or resolutions authorizing any bonds or issue thereof shall specify the proportion of revenues of the agency which may be used to pay the administrative costs of the agency

41705 Any pledge made by the corporation shall be valid and binding from the time when the pledge is made. The revenues, moneys or property so pledged and thereafter received by the agency shall immediately be subject to the lien of such pledge without any physical delivery thereof or further act, and the lien of any such pledge shall be valid and binding as against all parties having claims of any kind in tort, contract, or otherwise against the agency, irrespective of whether such parties have notice thereof. Neither the resolution nor any other instrument by which a pledge is created need be recorded.

41706 The members of the board, the president of the agency, or any other person executing such notes or bonds shall not be subject to any personal liability or accountability by reason of the issuance thereof.

41707 There is hereby created a Housing Bond Credit Committee composed of the State Controller, the State Treasurer, the Director of Finance, the president and an executive secretary. The executive secretary shall be appointed by the other four members of the committee from among two or more nominees submitted by the board, and shall serve during the pleasure of the committee. The executive secretary shall serve in a full-time capacity. The executive secretary shall aid the committee in the performance of its duties under this chapter, as directed by the committee, and shall perform the functions specified in Section 41311.5. The members of the committee other than the executive secretary shall serve on the committee without compensation. A majority shall be empowered to act for such committee. Prior to the issuance of any bonds, the board shall submit to the committee a statement of the purpose for which bonds are proposed to be issued and the amount of the proposed issuance. The committee shall determine the general adequacy of the program's security in protecting the state's credit. If the committee finds the state's credit would be subject to an undue risk, it may disapprove the proposed issuance or reduce the amount of the proposed issuance.

41708 The State Treasurer shall act as trustee for the agency and the holders of its bonds. Any resolution authorizing any bonds or issue thereof shall prescribe the duties of the State Treasurer with respect to the issuance, authentication, sale, and delivery of the bonds, the payment of principal and interest thereof, and the redemption of the bonds.

The agency may provide by an indenture for the deposit of all revenues received from a project in a separate account in the California Housing Finance Fund under the control of the State Treasurer as trustee. The money in such fund shall be disbursed only as provided in the indenture.

The board may authorize the State Treasurer to act as trustee on behalf of the holders of its bonds, or any stated percentage thereof for the purpose of exercising and prosecuting on behalf of the holders of the bonds such rights and remedies as may be available to such holders. However, nothing in this section shall preclude the appointment of a trustee, other than the State Treasurer, to represent and enforce rights of holders of bonds of the corporation if, and in the manner and under conditions, provided in the resolution authorizing the bonds.

41709 The State Treasurer or other trustee acting on behalf of bondholders shall have and possess all the powers necessary or convenient for the exercise of any functions specifically set forth in this part or incident to the general representation of bondholders in the enforcement and protection of their rights. The Superior Court of Sacramento County shall have jurisdiction of, and Sacramento County shall be the appropriate venue for, any suit, action, or proceedings by the trustee on behalf of bondholders.

41710 Whether or not the bonds are of such form and character as to be negotiable instruments under, or subject to, the terms of the California Uniform Commercial Code, the bonds and any security instruments underlying the bonds are hereby made negotiable instruments within the meaning of, and for all the purposes of, such code, subject only to the provisions of the bonds for registration.

41711 In the event any of the board members or officers of the agency whose signatures appear on any bonds or coupons shall cease to be such board members or officers before the delivery of such bonds, such signatures shall, nevertheless, be valid and sufficient for all purposes, the same as if such board members or officers had remained in office until such delivery.

41712 Proceeds derived from the issuance of bonds or securities and any interest or other increment derived from the investment thereof may be used for any of the purposes of the agency, including, but not limited to, creation of reserves, repayment of the loan from the state made pursuant to the act enacting this division, operating costs, other expenses, and subsidy programs.

41713 The agency, in its discretion and pursuant to agreements with bondholders, may create and establish one or more special accounts in the California Housing Finance Fund, which shall be known as "bond reserve funds," and shall pay into each such bond reserve fund (1) any moneys appropriated and made available by the Legislature for the purpose of such fund, (2) any proceeds of sale of bonds to the extent provided in the resolution or resolutions of the agency authorizing the issuance thereof, and (3) any other moneys which the agency may make available for the purpose of such bond reserve fund from any other source or sources. All moneys held in any bond reserve fund, except as otherwise provided in this part, shall be used, as required, solely for the payment of the principal of bonds secured in whole or in part by such fund, for the sinking fund payments authorized by this part with respect to such bonds, for the purchase or redemption of such bonds, for the payment of interest on such bonds, or for the payment of any redemption premium required to be paid when such bonds are

redeemed prior to maturity. However, moneys in a bond reserve fund shall not be withdrawn therefrom at any time in such amount as would reduce the amount of the bond reserve fund to less than the bond reserve requirement established for such fund, as provided in Section 41714, except for the purpose of making, with respect to bonds secured in whole or in part by such fund, payment when due of principal, interest, redemption premiums, and the sinking fund payments, as provided in this part, for the payment of which other moneys of the agency are not available. Any income or interest earned by, or incremental to, any bond reserve fund due to the investment thereof may be transferred by the agency to other funds or accounts of the agency to the extent it does not reduce the amount of the bond reserve fund below the bond minimum bond reserve fund requirement for such fund.

In computing the amount of bond reserve funds for the purpose of this section, securities in which all or a portion of such funds are invested shall be valued at par if purchased at par, and shall be valued at amortized value as such term is defined by resolution of the agency if purchased at other than par.

41714 The agency shall not at any time issue bonds secured in whole or in part by a bond reserve fund, if upon the issuance of such bonds, the amount in any such bond reserve fund will be less than the minimum bond reserve fund requirement for such fund, unless the agency at the time of issuance of such bonds, shall deposit in such fund from the proceeds of the bonds to be issued or from other sources, an amount which, together with the amount then in such fund, will not be less than the bond reserve fund requirement for such fund. For the purposes of this chapter the term "bond reserve fund requirement" shall mean as of any particular date of computation, an amount of money, as provided in the resolution or resolutions of the agency authorizing the bonds with respect to which such bond reserve fund is created that is established as a reserve for current or future obligations to the bondholders.

41715 To assure the continued operation and solvency of the agency and for the carrying out of its corporate purposes, provision is made in Section 41713 for the accumulation in each bond reserve fund of an amount equal to the minimum capital reserve fund requirement for such fund. In order to further assure the maintenance of specified bond reserve funds, the agency may agree with holders of notes or bonds secured by specific bond reserve funds that the chairperson and president of the agency shall annually, on or before November 10, make and deliver to the Governor then certificate stating the sum, if any required to restore each specified bond reserve fund to the bond reserve fund requirement for such fund. The Governor shall include in the budget for the following fiscal year submitted to the Legislature the sum, if any, required to restore each specified capital reserve fund to the bond reserve fund requirement for such fund. All sums appropriated by the Legislature if any, and paid to the agency shall be deposited by the agency in the applicable bond reserve fund.

41716 The agency shall create and establish such other accounts in the California Housing Finance Fund as may be necessary or desirable for its agency purposes.

41717 The agency may provide for the issuance of refunding bonds for the purpose of refunding any bonds then outstanding which have been issued under the provisions of this chapter including the payment of any redemption premium thereon and any interest accrued or to accrue to the date of redemption of such bonds and for any purpose of the agency. The issuance of such obligations, the maturities and other details thereof, the rights of the holders thereof and the rights, duties and obligations of the agency in respect of the same shall be governed by the provisions of this chapter which relate to the issuance of bonds, insofar as such provisions may be appropriate therefor.

41718 Refunding bonds issued as provided in Section 41717 may be sold or exchanged for outstanding bonds issued under this part and if sold, the proceeds thereof may be applied in addition to any other authorized purposes, to the purchase, redemption or payment of such outstanding bonds. Pending the application of the proceeds of any such refunding bonds, with any other available moneys (1) to the payment of the principal accrued interest and any redemption premium on the bonds being refunded (2) to the payment of any interest on such refunding bonds, or (3) to any expenses incurred in connection with such refunding, such proceeds may be invested in such obligations as are permitted under the bond resolution authorizing the issuance of refunding bonds.

41719 The state does hereby pledge to and agree with the holders of any bonds issued under this part that the state will not limit or alter the rights hereby vested in the agency to fulfill the terms of any agreements made with the holders thereof or in any way impair the rights and remedies of such holders until such bonds, together with the interest thereon, with interest on any unpaid installments of interest, and all costs and expenses in connection with any action or proceeding by or on behalf of such holders, are fully met and discharged. The agency is authorized to include this pledge and agreement of the state in any agreement with the holders of such notes or bonds.

41720 Bonds issued under the provisions of this chapter shall not be deemed to constitute a debt or liability or obligation of the state or of any political subdivision thereof or a pledge of the faith and credit of the state or of any such political subdivision but shall be payable solely from the revenues or assets of the agency. Each bond issued under this chapter shall contain on the face thereof a statement to the effect that the agency shall not be obligated to pay the same nor the interest thereon except from the revenues or assets pledged therefor and that neither the faith and credit nor the taxing power of the state or of any political subdivision thereof is pledged to the payment of the principal of, or the interest on such bond.

41721 The bonds of the agency shall be legal investments in which all public officers and public bodies of this state, its political subdivisions, all municipalities and municipal subdivisions, all insurance companies and associations and other persons carrying on an insurance business, all banks, bankers, banking institutions, including savings

and loan associations, building and loan associations, trust companies, savings banks and savings associations, investment companies and other persons carrying on a banking business, all administrators, guardians, executors, trustees and other fiduciaries, and all other persons whatsoever who are now or may hereafter be authorized to invest in bonds or in other obligations of the state, may properly and legally invest funds, including capital, in their control or belonging to them. The bonds may be used by any such private financial institution, person, or association as security for public deposits, subject to the provisions of Article 2 (commencing with Section 16520) of Chapter 4 of Part 2 of Division 4 of Title 2 of the Government Code. No more than 10 percent of the public deposits held by any private financial institution may be secured by bonds issued pursuant to this part. The bonds are also hereby made securities which may properly and legally be deposited with and received by all public officers and bodies of the state or any agency or political subdivision of the state and all municipalities and public corporations for any purpose for which the deposit of bonds or other obligations of the state is now or may hereafter be authorized by law, including deposits to secure public funds.

#### PART 4. HOUSING FINANCE BOND LAW OF 1975

41800. This part shall be known and may be cited as the Housing Finance Bond Law of 1975.

41801. Bonds in the total amount of five hundred million dollars (\$500,000,000), or so much thereof as is necessary may be issued and sold to provide a fund to be used by the California Housing Finance Agency to finance housing developments, as authorized in this division for the primary purpose of increasing the availability of housing within this state for persons and families of low or moderate income, and to be used to reimburse the General Obligation Bond Expense Revolving Fund pursuant to Section 16724.5 of the Government Code. Such bonds shall be known and designated as the state housing finance bonds and when sold, shall be and constitute a valid and binding obligation of the State of California, and the full faith and credit of the State of California are hereby pledged for the punctual payment of both principal and interest on such bonds as such principal and interest become due and payable.

The state shall not have outstanding at any one time general obligation bonds specified in this part in an aggregate principal amount exceeding five hundred million dollars (\$500,000,000), excluding bonds issued to refund outstanding bonds.

41802. The Housing Bond Credit Committee created by Section 41707, upon the request of the board stating the purposes for which bonds are proposed to be issued and the amount of the proposed issuance, shall determine whether or not a bond issue under this part is necessary or desirable to accomplish such purposes. The committee shall have the authority and shall perform the functions specified in the State General Obligation Bond Law (Chapter 4 (commencing with Section 16720) of Part 3, Division 4, Title 2 of the Government Code.

41803. There shall be collected each year and in the same manner and at the same time as other state revenue is collected such sum in

addition to the ordinary revenues of the state as shall be required to pay the principal and interest on the bonds maturing in that year, and it is hereby made the duty of all officers charged by law with any duty in regard to the collection of such revenue to do and perform each and every act which shall be necessary to collect such additional sum.

41804 There is hereby appropriated from the General Fund in the State Treasury for the purposes of this part, such an amount as will equal the following:

(a) Such sum annually as will be necessary to pay the principal and interest on bonds issued and sold pursuant to the provisions of this part as such principal and interest become due and payable.

(b) Such sum as is necessary to carry out the provisions of Section 41805 which sum is appropriated without regard to fiscal years.

41805 For the purposes of carrying out the provisions of this part, the Director of Finance may by executive order authorize the withdrawal from the General Fund of an amount or amounts not to exceed the amount of the unsold bonds which have been authorized to be sold for the purposes specified in Section 41801. Any amounts withdrawn shall be deposited in the California Housing Finance Fund, and any moneys made available in such a manner shall be returned to the General Fund from moneys received from the sale of bonds sold for such purposes.

41806. The proceeds of bonds issued and sold pursuant to this part shall be deposited in the California Housing Finance Fund and may be expended only for the purposes specified in this division.

41807 On the several dates on which funds are remitted pursuant to Section 16676 of the Government Code for the payment of the then maturing principal and interest on the bonds in each fiscal year there shall be returned into the General Fund in the State Treasury moneys from the California Housing Finance Fund in an amount which is sufficient for the payment of principal and interest on the bonds then due and payable, if, and to the extent that the transfer of such moneys from the California Housing Finance Fund will not unreasonably impair the working capital of the California Housing Finance Agency. In the event moneys transferred from the California Housing Finance Fund to the General Fund on such remittance dates are less than the principal and interest then due and payable with respect to the bonds then the balance remaining unpaid, together with interest thereon at the rate borne by such bonds compounded semiannually from the date of maturity, shall be returned into the General Fund out of the California Housing Finance Fund as soon thereafter as it shall become available, without unreasonable impairment of the working capital of the agency.

41808 The bonds authorized by this part shall be prepared, executed, issued, sold, paid and redeemed as provided in the State General Obligation Bond Law, Chapter 4 (commencing with Section 16720) of Part 3, Division 4, Title 2 of the Government Code, and all of the provisions of that law are applicable to the bonds and to this part, and are hereby incorporated in this part as though set forth in full herein.

41809 As used in this part and for purposes of the State General Obligation Bond Law, Chapter 4 (commencing with Section 16730) of Part 3, Division 4, Title 2 of the Government Code, the following terms shall have the following meanings:

(a) "Bond" means a state general obligation bond issued pursuant to this part and known as a state housing finance bond.

(b) "Board" means the Board of Directors of the California Housing Finance Agency.

(c) "Committee" means the Housing Bond Credit Committee created by Section 41707.

(d) "Fund" means the California Housing Finance Fund.

SEC 3 Section 8 of Chapter 1222 of the Statutes of 1965 is repealed.

Sec 8 The provisions of this act shall be operative only until the 61st day after final adjournment of the 1976 Regular Session of the Legislature unless such expiration date is extended by the Legislature. If there is no such extension and this act ceases to be operative, then the agencies and functions which are transferred by this act to the Department of Housing and Community Development shall be retransferred to the agencies from which they were removed and all employees involved shall have the same civil service rights of transfer and return to their original agencies as are provided under the terms of this act. On or before the fifth calendar day of the 1977 Regular Session of the Legislature, the Department of Housing and Community Development and the Commission of Housing and Community Development shall submit to the Legislature a report containing (1) a detailed review of the department's enforcement of its statutory duties and (2) detailed proposals for legislation.

SEC 4 It is the intent of the Legislature that Section 3 of this act shall have the effect of making the transfer of the Division of Housing and of other functions to the Department of Housing and Community Development by Chapter 1222 of the Statutes of 1965 permanent and that the status, position, and rights of persons serving in the state civil service and employed by the Commission of Housing and Community Development or the Department of Housing and Community Development shall continue to be retained by them pursuant to the State Civil Service Act (Part 2 (commencing with Section 18500) of Division 5 of Title 2 of the Government Code).

SEC 5 A special election is hereby called to be held throughout the state on the eighth day of June, 1976. The special election shall be consolidated with the direct primary election to be held on that date. The consolidated election shall be held and conducted in all respects as if there were only one election and only one form of ballot shall be used. Except as otherwise provided in this act, all of the provisions of law relating to the submission of measures proposed by the Legislature shall apply to the measure submitted pursuant to this act. A ballot pamphlet shall be prepared, compiled and distributed relating to the Housing Finance Bond Law of 1975 as set forth in Part 4 (commencing with Section 41800) of Division 31 of the Health and Safety Code, as proposed by this act. The Secretary of State shall distribute the ballot

pamphlets to the county clerks not later than 45 days before the election, and the county clerks shall commence to mail such pamphlets to the voters not less than 15 days before the election. The distribution of ballot pamphlets in all respects shall be conducted in accordance with the provisions of Section 3573 of the Elections Code.

**SEC 6** At the special election called by this act there shall be submitted to the electors Part 4 (commencing with Section 41800) of Division 31 of the Health and Safety Code, as proposed in this act. All provisions of this act shall control the submission of Part 4 (commencing with Section 41800) of Division 31 of the Health and Safety Code, as proposed by this act and the holding of, the special election called by this act.

**SEC 7** Upon the effective date of this section, arguments for and against the measure hereby ordered submitted to the electors shall be prepared in time form and manner as provided in Article 18 (commencing with Section 3527) of Chapter I of Division 4 of the Elections Code.

**SEC 8** The special election provided for in this act shall be proclaimed, held, conducted, the ballots shall be prepared, marked, collected, counted and canvassed and the results shall be ascertained and the returns thereof made in all respects in accordance with the provisions of the Constitution applicable thereto and the law governing primary elections insofar as provisions thereof are applicable to the election provided for in this act; provided, however, that the Governor need not issue his election proclamation until 30 days before the election.

**SEC 9** Notwithstanding any other provision of law, all ballots at said election shall have printed thereon and in a square thereof the words "For the Housing Finance Bond Law of 1975" and in the same square under said words the following in eight-point type "This act provides for a bond issue of five hundred million dollars (\$500,000,000) to provide funds for financing housing." In the square immediately below the square containing such words there shall be printed on said ballot the words, "Against the Housing Finance Bond Law of 1975," and in the same square immediately below said words, in eight-point type shall be printed "This act provides for a bond issue of five hundred million dollars (\$500,000,000) to provide funds for financing housing." Opposite the words "For the Housing Finance Bond Law of 1975," and "Against the Housing Finance Bond Law of 1975," there shall be left spaces in which the voters may place a cross in the manner required by law to indicate whether they vote for or against said act, and those voting for said act shall do so by placing a cross opposite the words, "For the Housing Finance Bond Law of 1975," and those voting against the act shall do so by placing a cross opposite the words "Against the Housing Finance Bond Law of 1975." provided, that where the voting of such election is done by means of voting machines used pursuant to law in such manner as to carry out the intent of this section, such use of such voting machines and the expression of the voters' choice by means thereof shall be deemed to comply with the provisions of this section. The Governor of this state shall include the submission of this act to the people, as aforesaid, in his proclamation for such election. -



**SEC 10** The votes cast for or against the Housing Finance Bond Law of 1975 shall be counted, returned and canvassed and declared in the same manner and subject to the same rules as votes cast for state officers, and if it appears that said act shall have received a majority of all the votes cast for and against it at said election as aforesaid, then the same shall have effect as heretofore provided, and shall be irrevocable until the principal and interest of the liabilities herein created shall be paid and discharged, but if a majority of the votes cast as aforesaid are against this act then the same shall be and become void.

**SEC 11** Upon the effective date of this section the Secretary of State shall request the Legislative Analyst to prepare an analysis of the measure in accordance with Section 88003 of the Government Code. Such analysis shall be filed with the Secretary of State within the time specified in the Elections Code.

**SEC 12** The sum of seven hundred fifty thousand dollars (\$750,000) is hereby appropriated from the General Fund for transfer to the California Housing Finance Fund to be used by the California Housing Finance Agency for the initial expenses of the agency. Within 10 days after the date on which this act becomes effective all moneys appropriated by this section shall be deposited in the California Housing Finance Fund. Such moneys shall constitute, and be accounted for, as advances to the agency and a like amount shall be repaid to the General Fund in the State Treasury, without interest, not later than January 1, 1986, from all available operating revenues of the California Housing Finance Agency in excess of amounts required for the payment of bonds or other obligations of the agency or for its current operating expenses."

**Amendment 3**

On page 6, strike out lines 2 to 29 inclusive, and strike out pages 7 to 111, inclusive.

Bill ordered reprinted, and to be re-referred to the Committee on Ways and Means.

**CONSIDERATION OF DAILY FILE  
SECOND READING OF ASSEMBLY BILLS**

**Assembly Bill No. 8**—An act to add Chapter 7 (commencing with Section 37150) to Part 8 of Division 24 of the Health and Safety Code, relating to housing.

Bill read second time.

**Consideration of Committee Amendments**

The following amendments, proposed by the Committee on Housing and Community Development, were read, and adopted:

**Amendment 1**

On page 2, line 23, of the printed bill, after ".35", insert "calendar"

**Amendment 2**

On page 2, line 24, strike out "initial"

**Amendment 3**

On page 3, line 2, after "writing", insert "in a format approved by the Department of Housing and Community Development."

**Amendment 4**

On page 3, line 3 after the period insert "However, the notice prescribed by this section shall not be required if the default has been cured prior to the time specified in this section for the provisions of such notice."

Bill ordered reprinted, and to be re-referred to the Committee on Ways and Means.

**ADJOURNMENT**

At 4 15 p m, Speaker McCarthy declared the Assembly adjourned until 9 a.m., Monday, May 19, 1975

LEO T. McCARTHY, Speaker

ANABEL FLEURY, Minute Clerk

## CALIFORNIA LEGISLATURE

1975-76 FIRST EXTRAORDINARY SESSION

**ASSEMBLY DAILY JOURNAL**FORTY-NINTH LEGISLATIVE DAY  
NINETY-SECOND CALENDAR DAY**IN ASSEMBLY**Assembly Chamber, Sacramento  
Monday, May 19, 1975

The Assembly met at 11:51 a.m.  
Hon. Leo T. McCarthy, Speaker of the Assembly, presiding  
Chief Clerk James D. Driscoll at the Desk  
Assistant Clerk Ray Monday reading

**ROLL CALL**

The roll was called, and the following answered to their names—76

Alatorre	Chne	Keene	Papan
Antonovich	Collier	Keyson	Permo
Arnett	Craven	Lancaster	Priolo
Badham	Cullen	Lauterman	Ralph
Bane	Davis	Lewis	Robinson
Bannai	Deddeh	Lockyer	Rosenthal
Berman	Dixon	MacDonald	Siegler
Beverly	Duffy	Maddy	Sietoty
Boatwright	Egelund	McAlister	Stutt
Buggs	Fenton	McLennan	Thomas, Vincent
Brown	Foran	McVittie	Thomas, William
Burke	Garamendi	Meade	Thurman
Calvo	Goggin	Miller	Vasconcellos
Campbell	Greene	Mobley	Vicentin
Carpenter	Gualco	Montoya	Watren
Chacon	Hart	Mori	Wilson
Chappie	Hayden	Murphy	Wozniak
Chel	Ingalls	Nestande	Z'berg
Chumhole	Kapiloff	Ninano	Mr. Speaker

Quorum present.

**PRAYER**

The following prayer was offered by the Chaplain, Father Leo McAllister

*Father,* For this new day with its promise and potential, we thank You. May our part in this day be full of meaning and hope for others. May our efforts and our words be characterized by kindness and give expression to the good will and truth that is within us. May they also be the key which unlocks the good and truth in others.—AMEN.

**PLEDGE OF ALLEGIANCE TO THE FLAG**

Upon request of Speaker McCarthy, Mr. Beverly then led the Assembly in the pledge of allegiance to the Flag.

**MOTION TO DISPENSE WITH READING OF THE JOURNAL**

Further reading of the Journal of the previous legislative day was dispensed with on motion of Mr. Calvo, seconded by Mr. Kapiloff.

**LEAVES OF ABSENCE FOR THE DAY**

The following Member was granted leave of absence for the day, because of illness:

Mr. Tucker, on request of Speaker McCarthy.

The following Members were granted leaves of absence for the day on personal business, and desired to waive their per diem:

Mr. Knox, on request of Speaker McCarthy.

Mr. Torres, on request of Speaker McCarthy.

**REPORTS OF STANDING COMMITTEES****Committee on Housing and Community Development**

Assembly Chamber May 13 1975

Mr. Speaker: Your Committee on Housing and Community Development reports:

Assembly Bill No. 7

With amendments with the recommendation: Amend do pass as amended and be re-referred to the Committee on Ways and Means.

CHACON, Chairman

Above bill ordered to second reading.

**RECESS**

At 11:52 a.m., Speaker McCarthy declared the Assembly recessed.

**REASSEMBLED**

At 2:45 p.m., the Assembly reconvened.

Hon. Leo T. McCarthy, Speaker of the Assembly, presiding.

**ADJOURNMENT**

At 2:46 p.m., Speaker McCarthy declared the Assembly adjourned until 9 a.m., Tuesday, May 20, 1975.

LEO T. McCARTHY, Speaker

ANABEL FLEURY, Minute Clerk

## CALIFORNIA LEGISLATURE

1975-76 FIRST EXTRAORDINARY SESSION

**ASSEMBLY DAILY JOURNAL**

FIFTIETH LEGISLATIVE DAY

NINETY-THIRD CALENDAR DAY

**IN ASSEMBLY**

Assembly Chamber, Sacramento  
 Tuesday, May 20, 1975

The Assembly met at 10 31 a m

Hon Louis J Papan, Speaker pro Tempore of the Assembly, presiding.

Chief Clerk James D Driscoll at the Desk

Assistant Clerk Ray Monday reading

**ROLL CALL**

The roll was called, and the following answered to their names—72

Altorre	Chambole	Ingalls	Nimmo
Antonovich	Chue	Kaploff	Papan
Arnett	Collier	Keyser	Perino
Badham	Craven	Laurenster	Piolo
Bane	Cullen	Lauterman	Ralph
Banna	Davis	Lewis	Rosenthal
Berman	Dedieh	Lockyer	Siegler
Beverly	Dixon	MacDonald	Sietz
Boatwright	Duffy	Maddy	Snitt
Briggs	Egeland	McAlister	Thomas, Vincent
Brown	Fenton	McLennan	Thomas, William
Buike	Folan	McVittie	Thurman
Calvo	Garamendi	Meade	Vasconcellos
Campbell	Goggin	Miller	Vicencia
Carpenter	Greene	Mobley	Wilson
Chacon	Gurleo	Munoz	Winnam
Chappe	Hart	Mull	Zberg
Chel	Hayden	Murphy	Mr Speaker

Quorum present

**REGULAR BUSINESS DISPENSED WITH**

By unanimous consent, the regular order of business of the Assembly was dispensed with for this legislative day

**LEAVES OF ABSENCE FOR THE DAY**

The following Member was granted leave of absence for the day, because of illness:

Mr. Tucker, on request of Speaker pro Tempore Papan

The following Members were granted leaves of absence for the day on personal business, and desired to waive their per diem

Mr. Keene, on request of Speaker pro Tempore Papan

Mr. Knox, on request of Speaker pro Tempore Papan

Mr. Nestande, on request of Speaker pro Tempore Papan

Mr. Robinson, on request of Speaker pro Tempore Papan

Mr. Torres, on request of Speaker pro Tempore Papan

Mr. Warren, on request of Speaker pro Tempore Papan

**NOTE** For letter explaining the absence of Mr. Warren on this day, see Assembly Daily Journal for the Regular Session for this day

**COMMUNICATIONS**

Assembly Chamber May 19, 1975

Mr. Speaker Pursuant to your instructions, the Chief Clerk has examined Assembly Bill No. 8

And reports the same correctly engrossed

JAMES D. DRISCOLL, Chief Clerk

Above bill re-referred to committee

**REPORTS OF STANDING COMMITTEES**

Committee on Ways and Means

Assembly Chamber May 20, 1975

Mr. Speaker Your Committee on Ways and Means reports Senate Bill No. 2

With the recommendation. Do pass

FORAN, Chairman

Above bill ordered to second reading

**CONSIDERATION OF DAILY FILE  
SECOND READING OF ASSEMBLY BILLS**

**Assembly Bill No. 7**—An act to add Section 37136 to the Health and Safety Code, relating to housing

Bill read second time

**Consideration of Committee Amendments**

The following amendments, proposed by the Committee on Housing and Community Development, were read, and adopted

**Set No. 1****Amendment 1**

On page 2, line 1, of the printed bill, strike out "5", and insert "one".

**Amendment 2**

On page 2, line 4, strike out "purchase of", and insert "loans for the purchase of single-family".

**Set No. 2**

**Amendment 1**

On page 2, line 3, of the printed bill, after "program", insert " , except programs authorized by the Veterans Farm and Home Purchase Act of 1974 (Article 31 (commencing with Section 98750), Chapter 6, Division 4 of the Military and Veterans Code),"

Bill ordered reprinted, and to be re-referred to the Committee on Ways and Means

**RECESS**

At 10 32 a m , Speaker pro Tempore Papan declared the Assembly recessed

**REASSEMBLED**

At 3 14 p m , the Assembly reconvened

Hon Leo T McCarthy, Speaker of the Assembly, presiding

**ADJOURNMENT**

At 3 15 p m , Speaker McCarthy declared the Assembly adjourned until 9 a m , Wednesday, May 21, 1975

LEO T. McCARTHY, Speaker

ANABEL FLEURY, Minute Clerk





## CALIFORNIA LEGISLATURE

1975-76 FIRST EXTRAORDINARY SESSION

**ASSEMBLY DAILY JOURNAL**FIFTY-FIRST LEGISLATIVE DAY  
NINETY-FOURTH CALENDAR DAY**IN ASSEMBLY**Assembly Chamber, Sacramento  
Wednesday, May 21, 1975

The Assembly met at 10 31 a m

Hon Robert P Nimmo, Member of the Assembly, 29th District, pre-  
siding

Chief Clerk James D Driscoll at the Desk

Assistant Clerk Ray Monday reading

**ROLL CALL**

The roll was called, and the following answered to their names—73

Alatorre	Collier	Keyser	Papan
Antonovich	Cullen	Lancaster	Perino
Arnett	Davis	Lanterman	Priolo
Badham	Deddeh	Lewis	Ralph
Bane	Dixon	Lockyer	Robinson
Bannai	Duffy	MacDonald	Rosenthal
Bernum	Egeland	Maddy	Siegler
Beverly	Fenton	McAbster	Sieroty
Boatwright	Folan	McLennan	Thomas, Vincent
Biggs	Garamendi	McVittie	Thomas, William
Butke	Goggin	Meade	Thurman
Calvo	Greene	Miller	Tories
Campbell	Gualco	Moble	Vasconcellos
Carpenter	Hart	Montoya	Vicencia
Chacon	Hayden	Mori	Wilson
Chappie	Ingalls	Murphy	Wornum
Chel	Kapiloff	Nestande	Z'berg
Chimhole	Keene	Nimmo	Mr. Speaker
Clune			

Quorum present

**REGULAR BUSINESS DISPENSED WITH**By unanimous consent, the regular order of business of the Assem-  
bly was dispensed with for this legislative day

**LEAVES OF ABSENCE FOR THE DAY**

The following Members were granted leaves of absence for the day, because of illness:

Mr. Craven, on request of Acting Speaker Nimmo  
Mr. Tucker, on request of Acting Speaker Nimmo

The following Members were granted leaves of absence for the day, on personal business, and desired to waive their per diem:

Mr. Brown, on request of Acting Speaker Nimmo  
Mr. Knox, on request of Acting Speaker Nimmo  
Mr. Suitt, on request of Acting Speaker Nimmo  
Mr. Warren, on request of Acting Speaker Nimmo

NOTE: For letter explaining the absence of Mr. Warren on this day, see Assembly Daily Journal for the Regular Session for May 20, 1975, page 5236.

**COMMUNICATIONS**

Assembly Chamber, May 21, 1975

Mr. Speaker: Pursuant to your instructions, the Chief Clerk has examined Assembly Bill No. 7 and reports the same correctly engrossed.

JAMES D. DRISCOLL, Chief Clerk

Above bill re-referred to committee.

**CONSIDERATION OF DAILY FILE  
SECOND READING OF SENATE BILLS**

**Senate Bill No. 2**—An act to add Division 31 (commencing with Section 41000) to, and to repeal Part 8 (commencing with Section 97000) of Division 24 of, the Health and Safety Code, and to repeal Section 8 of Chapter 1222 of the Statutes of 1965, relating to housing, and making an appropriation therefor, and providing for the preparation, issuance, and sale of state bonds to create a fund to be used by the California Housing Finance Agency to make loans for financing housing developments, and providing for the submission of the bond measure to the people at a special election to be consolidated with the 1976 direct primary election.

Bill read second time, and ordered to third reading.

**RECESS**

At 10:32 a.m., Acting Speaker Nimmo declared the Assembly recessed.

**REASSEMBLED**

At 2:45 p.m., the Assembly reconvened.

Hon. Robert P. Nimmo, Member of the Assembly, 29th District, presiding.

ADJOURNMENT

At 2 46 p m , Acting Speaker Nimmo declared the Assembly adjourned until 1 p m , Thursday, May 22, 1975

LEO T McCARTHY, Speaker

ANABEL FLEURY, Minute Clerk



## CALIFORNIA LEGISLATURE

1975-76 FIRST EXTRAORDINARY SESSION

## ASSEMBLY DAILY JOURNAL

FIFTY-SECOND LEGISLATIVE DAY

NINETY-FIFTH CALENDAR DAY

## IN ASSEMBLY

Assembly Chamber, Sacramento  
Thursday, May 22, 1975

The Assembly met at 4:11 p.m.

Hon. Louis J. Papan, Speaker pro Tempore of the Assembly presiding

Chief Clerk James D. Driscoll at the Desk

Assistant Clerk Ray Monday reading

## ROLL CALL

The roll was called and the following answered to their names—73

Altoniz	Collier	Keenan	Perino
Antonovich	Cullen	Lancaster	Pirilo
Amett	Davis	Lauterman	Rahb
Bane	Dedich	Lewis	Robinson
Bannai	Dixon	Lockyer	Rosenthal
Berman	Duffy	MacDonald	Stegler
Beverly	Egeland	Maddy	Stout
Boatwright	Fenton	McAlister	Stott
Briggs	Foran	McLennan	Thomas, Vincent
Brown	Garmonah	McVittie	Thomas, William
Burke	Goggin	Meade	Thurman
Calvo	Green	Miller	Tories
Campbell	Gualea	Mohley	Vasconcellos
Carpenter	Hart	Montoya	Vicente
Clanton	Hayden	Mori	Wilson
Chapman	Ingalls	Murphy	Wotman
Chel	Kaplan	Nanno	Zberg
Chimhole	Keene	Papan	Mr. Speaker
Cline			

Quorum present.

**PRAYER**

Upon invitation of Speaker pro Tempore Papan, the following prayer was offered by Honorable Ken MacDonald, Member, 36th Assembly District:

*God Our Father*, We stand before You today as humble men and women seeking Thy wisdom to decide the difficult issues. We appear to be at a crossroads in the course of our society. Help us stand firm against the special interests who would prevail without thought of the consequences upon others. Help us to reorder our priorities in keeping with the standards of general public interest and economic and social reality. Bless our legislative leadership and Governor Brown in guiding our steps to fair and equitable solutions to problems. Finally, rekindle our faith in You, O God—AMEN

**PLEDGE OF ALLEGIANCE TO THE FLAG**

Upon request of Speaker pro Tempore Papan, Mr. Miller then led the Assembly in the pledge of allegiance to the Flag.

**MOTION TO DISPENSE WITH READING OF THE JOURNAL**

Further reading of the Journal of the previous legislative day was dispensed with on motion of Mr. Hayden, seconded by Mr. Foran.

**LEAVES OF ABSENCE FOR THE DAY**

The following Members were granted leaves of absence for the day, because of illness:

Mr. Craven, on request of Speaker pro Tempore Papan  
Mr. Tucker, on request of Speaker pro Tempore Papan

The following Member was granted leave of absence for the day, on legislative business:

Mr. Warren, on request of Speaker pro Tempore Papan

The following Members were granted leaves of absence for the day, on personal business, and desired to waive their per diem:

Mr. Badham, on request of Speaker pro Tempore Papan  
Mr. Knox, on request of Speaker pro Tempore Papan  
Mr. Nestande, on request of Speaker pro Tempore Papan

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**NOTE.** For letter explaining the absence of Mr. Warren on this day on legislative business pursuant to the Assembly Rules, see Assembly Daily Journal for the Regular Session for this day.

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**ADJOURNMENT**

At 4:12 p.m., Speaker pro Tempore Papan declared the Assembly adjourned until 11 a.m., Friday, May 23, 1975.

LEO T. McCARTHY, Speaker

ANABEL FLEURY, Minute Clerk

## CALIFORNIA LEGISLATURE

1975-76 FIRST EXTRAORDINARY SESSION

**ASSEMBLY DAILY JOURNAL**

FIFTY-THIRD LEGISLATIVE DAY

NINETY-SIXTH CALENDAR DAY

**IN ASSEMBLY**

Assembly Chamber, Sacramento  
Friday, May 23, 1975

The Assembly met at 12 32 p m

Hon Leo T McCarthy, Speaker of the Assembly, presiding.

Chief Clerk James D Driscoll at the Desk

Assistant Clerk Ray Monday reading

**ROLL CALL**

The roll was called, and the following answered to their names—73

Antonovich	Collier	Keysor	Papan
Arnett	Cullen	Lancaster	Perino
Badham	Davis	Lanterman	Prilo
Bane	Deddeh	Lewis	Ralph
Bannal	Dixon	Lockyer	Rosenthal
Berman	Duffy	MacDonald	Siegler
Beverly	Egeland	Maddy	Sieroty
Boatwright	Fenton	McAlister	Smith
Briggs	Foran	McLennan	Thomas, Vincent
Brown	Garamendi	McVittie	Thomas, William
Burke	Goggia	Meade	Thurman
Calvo	Greene	Miller	Torres
Campbell	Gunleo	Mobley	Vasconcellos
Carpenter	Hart	Montoya	Vaccina
Chacon	Hayden	Mori	Wilson
Chappie	Ingalls	Murphy	Wornum
Chei	Kapiloff	Nestade	Z'berg
Chimbole	Keene	Nimmo	Mr Speaker
Cline			

Quorum present.

**PRAYER**

Upon invitation of Speaker McCarthy, the following prayer was offered by the Honorable Ernest N Mobley, Member, 31st Assembly District.

*Father*, This morning we ask Your blessing on all who are assembled here We ask You to watch over this legislative body as we work for the welfare of society You are ever aware of our hopes and our needs and we beg You to give us guidance so that we may carry out Your work with dedication and love

We thank You for this beautiful State of California for her parks, streams, ocean, sky, and fertile soil We thank You for giving us opportunities to enjoy the wonders of Your making We ask You to watch over all of Your children on this holiday weekend to get them safely to their destinations and homes We ask Your blessings for those who gave their lives so this country may be free to watch over our servicemen and women who served so bravely and who reside in our hospitals, for those who will go through life handicapped Grant us the ability to live peacefully among our fellow men Look kindly upon us and give us peace —AMEN.

**PLEDGE OF ALLEGIANCE TO THE FLAG**

Upon request of Speaker McCarthy, Mr Rosenthal then led the Assembly in the pledge of allegiance to the Flag

**READING OF THE JOURNAL DISPENSED WITH**

By unanimous consent, reading of the Journal of the previous legislative day was dispensed with

**LEAVES OF ABSENCE FOR THE DAY**

The following Members were granted leaves of absence for the day, because of illness

Mr Craven, on request of Speaker McCarthy  
 Mr Robnson, on request of Speaker McCarthy  
 Mr. Tucker, on request of Speaker McCarthy

The following Member was granted leave of absence for the day, on legislative business.

Mr. Warren, on request of Speaker McCarthy

The following Member was granted leave of absence for the day, on personal business, and desired to waive his per diem

Mr. Knox, on request of Speaker McCarthy

The following Member was granted leave of absence for the day, because of illness in his family.

Mr. Alatorre, on request of Speaker McCarthy

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**NOTE** For letter explaining the absence of Mr. Warren on this day on legislative business pursuant to the Assembly Rules, see Assembly Daily Journal for the Regular Session for May 22, 1975, page 5415



**ADJOURNMENT**

At 12 33 p m , Speaker McCarthy declared the Assembly adjourned until 10 a m , Tuesday, May 27, 1975

LEO T McCARTHY, Speaker

ANABEL FLEURY, Minute Clerk



## CALIFORNIA LEGISLATURE

1975-76 FIRST EXTRAORDINARY SESSION

**ASSEMBLY DAILY JOURNAL**FIFTY-FOURTH LEGISLATIVE DAY  
ONE HUNDREDTH CALENDAR DAY**IN ASSEMBLY**Assembly Chamber Sacramento  
Tuesday, May 27, 1975

The Assembly met at 10 31 a m

Hon Leo T McCarthy, Speaker of the Assembly, presiding

Chief Clerk James D Driscoll at the Desk

Assistant Clerk Ray Monday reading

**ROLL CALL**

The roll was called, and the following answered to their names—74

Alatorre	Clune	Keyser	Priolo
Antonovich	Collier	Knox	Ralph
Arnett	Cullen	Lancaster	Robinson
Badham	Davis	Lanterman	Rosenthal
Bane	Duddeh	Lewis	Siegler
Bannai	Dixon	Lockyer	Sieroty
Beiman	Duffy	Maddy	Snitt
Beverly	Egelaud	McAlister	Thomas, Vincent
Boatwright	Fenton	McLennan	Thomas, William
Briggs	Fornan	McVittie	Thurman
Brown	Garamendi	Miller	Totter
Burke	Goggan	Mobley	Vasconcellos
Calvo	Greene	Montoya	Vicente
Campbell	Guako	Mori	Warren
Carpenter	Hart	Murphy	Wilson
Chacon	Hayden	Nestande	Worrum
Chappie	Ingalls	Papan	Zberg
Chel	Kapiloff	Perino	Mr Speaker
Chimbotte	Keene		

Quorum present.

**PRAYER**

The following prayer was offered by the Chaplain, Father Leo McAllister

*Father*, In this world we make much of the faith we profess, the political philosophy we adhere to, and many other peripheral labels. Make us ever aware that we will not be judged by the orthodoxy of our creed, but by the sincerity with which we have lived it, that we will be judged not by the flamboyance with which we have worn our political or other labels, but by the responsibility and creativity which should accompany them.

Help us, Father, to always find our way, above and beyond the things that divide us, to generosity, to love and self-sacrifice and to the service of others.—AMEN.

**PLEDGE OF ALLEGIANCE TO THE FLAG**

Upon request of Speaker McCarthy, Mr. Mori then led the Assembly in the pledge of allegiance to the Flag.

**MOTION TO DISPENSE WITH READING OF THE JOURNAL**

Further reading of the Journal of the previous legislative day was dispensed with on motion of Mr. Cullen, seconded by Mr. Beverly.

**LEAVES OF ABSENCE FOR THE DAY**

The following Members were granted leaves of absence for the day, because of illness:

Mr. Craven, on request of Speaker McCarthy.  
Mr. Meade, on request of Speaker McCarthy  
Mr. Tucker, on request of Speaker McCarthy

The following Members were granted leaves of absence for the day on personal business, and desired to waive their per diem:

Mr. MacDonald, on request of Speaker McCarthy  
Mr. Nunno, on request of Speaker McCarthy

**MESSAGES FROM THE SENATE**

Senate Chamber, May 26, 1975

Mr. Speaker: I am directed to inform your honorable body that the Senate amended, and on this day passed as amended:

Assembly Bill No. 1

And respectfully requests your honorable body to concur in said amendments:

DARRYL R. WHITE, Secretary of the Senate  
By John W. Rovane, Chief Assistant Secretary

Above bill ordered to unfinished business file

**ADJOURNMENT**

At 10:32 a.m., Speaker McCarthy declared the Assembly adjourned until 1 p.m., Thursday, May 29, 1975.

LEO T. MCCARTHY, Speaker

ANABEL FLEURY, Minute Clerk

CALIFORNIA LEGISLATURE

1975-76 FIRST EXTRAORDINARY SESSION

ASSEMBLY DAILY JOURNAL

FIFTY-FIFTH LEGISLATIVE DAY  
ONE HUNDRED SECOND CALENDAR DAY

IN ASSEMBLY

Assembly Chamber, Sacramento  
Thursday, May 29 1975

The Assembly met at 3 11 p m  
Hon Leo T McCarthy Speaker of the Assembly, presiding  
Chief Clerk James D Duceoll at the Desk  
Assistant Clerk Ray Monday reading

ROLL CALL

The roll was called, and the following answered to their names—74

Alatorre	Cöblier	Knov	Priolo
Antonovich	Cullen	Launcester	Ralph
Arnett	Davis	Lanteuinan	Robinson
Badhani	Deddeh	Lewis	Rosenthal
Bannai	Dixon	Lockyer	Siegler
Berman	Duffy	Maddy	Sieroty
Beverly	Egeland	McAlister	Statt
Bontwright	Fenton	McLennan	Thomas, Vincent
Briggs	Foran	McVittie	Thomas, William
Brown	Garamouda	Moade	Thomman
Burke	Goggan	Miller	Tories
Calvo	Greene	Mobley	Vasconcellos
Campbell	Guileo	Montoya	Vicencia
Carpenter	Hart	Mori	Warren
Chacon	Hayden	Nestande	Wilson
Chappie	Ingalls	Nimmo	Wotnum
Chel	Kapiloff	Papan	Zberg
Chimble	Keene	Perino	Mr Speaker
Chue	Keyser		

Quorum present

PRAYER

Upon invitation of Speaker McCarthy, the following prayer was offered by the Honorable Bill McVittie, Member, 65th District

*O Lord, We are aware that the only value of a life is its content for others. We also know that in Your Kingdom all works are equal, our greatest and our smallest. Save us, then, from waiting idly for the moment of a great work to be done by and by. Help us to snatch from each passing moment the opportunity of quietly doing for others each day's needed chores — AMEN*

**PLEDGE OF ALLEGIANCE TO THE FLAG**

Upon request of Speaker McCarthy, Mr. Vienaica then led the Assembly in the pledge of allegiance to the Flag.

**MOTION TO DISPENSE WITH READING OF THE JOURNAL**

Further reading of the Journal of the previous legislative day was dispensed with on motion of Mr. Meade, seconded by Mr. Collier.

**LEAVES OF ABSENCE FOR THE DAY**

The following Members were granted leaves of absence for the day, because of illness:

Mr. Craven, on request of Speaker McCarthy

Mr. Tucker, on request of Speaker McCarthy

The following Member was granted leave of absence for the day, on legislative business:

Mr. Bane, on request of Speaker McCarthy

The following Members were granted leaves of absence for the day on personal business, and desired to waive their per diem:

Mr. MacDonald, on request of Speaker McCarthy

Mr. Murphy, on request of Speaker McCarthy

**NOTE:** For letter explaining the absence of Mr. Bane on this day on legislative business pursuant to the Assembly Rules, see Assembly Daily Journal for the Regular Session for this day.

**CONSIDERATION OF DAILY FILE****UNFINISHED BUSINESS****CONSIDERATION OF SENATE AMENDMENTS**

**Assembly Bill No. 1**—An act to amend Sections 11552, 11556, 16522, and 53651 of the Government Code, and to add Division 31 (commencing with Section 41000) to, and to repeal Part 8 (commencing with Section 37000) of Division 24 of, the Health and Safety Code, and to repeal Section 8 of Chapter 1222 of the Statutes of 1965, relating to housing, making an appropriation therefor, and providing for the preparation, issuance, and sale of state bonds to create a fund to be used by the California Housing Finance Agency to make loans for financing housing developments, and providing for the submission of the bond measure to the people at a special election to be consolidated with the 1976 general election.

The question being: Shall the Assembly concur in the following Senate amendments to Assembly Bill No. 1?

**Senate Amendments of April 10, 1975****Set No. 1****Amendment 1**

In line 1 of the title of the printed bill, as second amended in Assembly April 1, 1975, after "to", insert "amend Sections 11552, 11556, 16522, and 53651 of the Government Code, and to"

## Amendment 2

On page 5, line 1, after "SECTION 1", insert "Section 11552 of the Government Code is amended to read

11552 An annual salary of thirty thousand dollars (\$30,000) shall be paid to each of the following:

- (a) Superintendent of Banks
- (b) Commissioner of Corporations
- (c) Insurance Commissioner
- (d) Director of Transportation
- (e) Real Estate Commissioner
- (f) Savings and Loan Commissioner
- (g) Director of Benefit Payments
- (h) Director of Water Resources
- (i) Director of Food and Agriculture
- (j) Director of Corrections
- (k) Director of General Services
- (l) Director of Industrial Relations
- (m) Director of Motor Vehicles
- (n) Director of Youth Authority
- (o) Commissioner California Highway Patrol
- (p) Members of the Public Utilities Commission
- (q) Director of Employment Development
- (r) Director of Alcoholic Beverage Control
- (s) *Director of Housing and Community Development*

SEC 2 Section 11556 of the Government Code is amended to read 11556 An annual salary of twenty-five thousand dollars (\$25,000) shall be paid to each of the following:

- (a) Director of Navigation and Ocean Development
- (b) Director, Office of Emergency Services
- ~~(c) Director, Department of Housing and Community Development~~
- ~~(d)~~ (c) Members of the Adult Authority
- ~~(e)~~ (d) Members of the Board of Equalization
- ~~(f)~~ (e) Members of the State Water Resources Control Board
- ~~(g)~~ (f) Members of the Youth Authority Board
- ~~(h)~~ (g) State Fire Marshal

SEC 3 Section 16522 of the Government Code is amended to read 16522 The following securities may be received as security for demand and time deposits:

(a) Bonds, notes, or other obligations of the United States or those for which the faith and credit of the United States are pledged for the payment of principal and interest

(b) Notes or bonds or any obligations of a local public agency (as defined in the United States Housing Act of 1949) or any obligations of a public housing agency (as defined in the United States Housing Act of 1937) for which the faith and credit of the United States are pledged for the payment of principal and interest

(c) Bonds of this state or of any county, city, town, metropolitan water district, municipal utility district, municipal water district, bridge and highway district, flood control district, school district, water district, water conservation district or irrigation district within this

state, and, in addition, revenue or tax anticipation notes, and revenue bonds payable solely out of the revenues from a revenue-producing property owned, controlled or operated by this state or such local agency or district, or by a department, board, agency, or authority thereof

(d) Registered warrants of this state

(e) Bonds, consolidated bonds collateral trust debentures, consolidated debentures, or other obligations issued by the United States Postal Service, federal land banks or federal intermediate credit banks established under the Federal Farm Loan Act as amended debentures and consolidated debentures issued by the Central Bank for Cooperatives and banks for cooperatives established under the Farm Credit Act of 1933, as amended, bonds or debentures of the Federal Home Loan Bank Board established under the Federal Home Loan Bank Act, bonds, debentures and other obligations of the Federal National Mortgage Association established under the National Housing Act as amended, in the bonds of any federal home loan bank established under said act, and in bonds, notes, and other obligations issued by the Tennessee Valley Authority under the Tennessee Valley Authority Act, as amended

(f) *Bonds and notes of the California Housing Finance Agency issued pursuant to Chapter 7 (commencing with Section 41700) of Part 3 of Division 31 of the Health and Safety Code*

SEC 4 Section 53651 of the Government Code, as amended by Section 4 of Chapter 464 of the Statutes of 1973, is amended to read

53651 Eligible securities are any of the following

(a) United States Treasury notes, bonds, bills or certificates of indebtedness, or obligations for which the faith and credit of the United States are pledged for the payment of principal and interest

(b) Notes or bonds or any obligations of a local public agency (as defined in the United States Housing Act of 1949) or any obligations of a public housing agency (as defined in the United States Housing Act of 1937) for which the faith and credit of the United States are pledged for the payment of principal and interest

(c) Bonds of this state or of any local agency or district of the State of California having the power without limit as to rate or amount, to levy taxes to pay the principal and interest of such bonds upon all property within its boundaries subject to taxation by such local agency or district, and in addition, sales tax revenue bonds, and revenue bonds and other obligations payable solely out of the revenues from a revenue-producing property owned, controlled or operated by such state local agency or district or by a department, board agency or authority thereof

(d) Bonds of any public housing agency (as defined in the United States Housing Act of 1937, as amended) as are secured by a pledge of annual contributions under an annual contribution contract between such public housing agency and the Public Housing Administration if such contract shall contain the covenant by the Public Housing Administration which is authorized by subsection (b) of Section 22 of the United States Housing Act of 1937, as amended, and if the maximum



sum and the maximum period specified in such contract pursuant to said subsection 22(b) shall not be less than the annual amount and the period for payment which are requisite to provide for the payment when due of all installments of principal and interest on such obligations

(e) Registered warrants of this state

(f) Bonds, consolidated bonds, collateral trust debentures, consolidated debentures, or other obligations issued by the United States Postal Service, federal land banks or federal intermediate credit banks established under the Federal Farm Loan Act, as amended, debentures and consolidated debentures issued by the Central Bank for Cooperatives and banks for cooperatives established under the Farm Credit Act of 1933, as amended, bonds, or debentures of the Federal Home Loan Bank Board established under the Federal Home Loan Bank Act, bonds, debentures and other obligations of the Federal National Mortgage Association or of the Government National Mortgage Association established under the National Housing Act, as amended, bonds of any federal home loan bank established under said act and obligations of the Tennessee Valley Authority

(g) Notes, tax anticipation warrants or other evidence of indebtedness issued pursuant to Article 7 (commencing with Section 53820), Article 7 5 (commencing with Section 53840) or Article 7 6 (commencing with Section 53850) of this Chapter 4

(h) State of California notes

(i) Bonds, notes, certificates of indebtedness, warrants or other obligations issued by (1) any state of the United States (except this state), or the Commonwealth of Puerto Rico, or any local agency thereof having the power to levy taxes, without limit as to rate or amount, to pay the principal and interest of such obligations or (2) any state of the United States (except this state), or the Commonwealth of Puerto Rico or a department, board, agency or authority thereof which are payable solely out of the revenues from a revenue-producing source owned, controlled or operated thereby, provided such obligations issued by an entity described in subsection (1) are rated in one of the three highest grades, and such obligations issued by an entity described in subsection (2) are rated in one of the two highest grades by a nationally recognized investment service organization that has been engaged regularly in rating state and municipal issues for a period of not less than five years

(j) Obligations issued or guaranteed by the International Bank for Reconstruction and Development, Inter-American Development Bank, and the Government Development Bank of Puerto Rico

(k) Participation certificates of the Export-Import Bank of the United States

*(l) Bonds and notes of the California Housing Finance Agency issued pursuant to Chapter 7 (commencing with Section 11700) of Part 7 of Division 31 of the Health and Safety Code*

This section shall become inoperative and is repealed on the operative date of Section 53651 of the Government Code as amended by Section 5 of the chapter amending this section at the 1973-74 Regular Session

SEC 5 Section 53651 of the Government Code, as amended by Section 5 of Chapter 464 of the Statutes of 1973, is amended to read

53651 Eligible securities are any of the following

(a) United States Treasury notes, bonds, bills or certificates of indebtedness or obligations for which the faith and credit of the United States are pledged for the payment of principal and interest

(b) Notes or bonds or any obligations of a local public agency (as defined in the United States Housing Act of 1949) or any obligations of a public housing agency (as defined in the United States Housing Act of 1937) for which the faith and credit of the United States are pledged for the payment of principal and interest

(c) Bonds of this state or of any local agency or district of the State of California having the power, without limit as to rate or amount, to levy taxes to pay the principal and interest of such bonds upon all property within its boundaries subject to taxation by such local agency or district, and in addition, sales tax revenue bonds, and revenue bonds and other obligations payable solely out of the revenues from a revenue-producing property owned, controlled or operated by such state local agency or district or by a department, board, agency or authority thereof

(d) Bonds of any public housing agency (as defined in the United States Housing Act of 1937, as amended) as are secured by a pledge of annual contributions under an annual contribution contract between such public housing agency and the Public Housing Administration if such contract shall contain the covenant by the Public Housing Administration which is authorized by subsection (b) of Section 22 of the United States Housing Act of 1937, as amended, and if the maximum sum and the maximum period specified in such contract pursuant to said subsection 22(b) shall not be less than the annual amount and the period for payment which are requisite to provide for the payment when due of all installments of principal and interest on such obligations

(e) Registered warrants of this state

(f) Bonds, consolidated bonds, collateral trust debentures, consolidated debentures, or other obligations issued by the United States Postal Service, federal land banks or federal intermediate credit banks established under the Federal Farm Loan Act as amended, debentures and consolidated debentures issued by the Central Bank for Cooperatives and banks for cooperatives established under the Farm Credit Act of 1933, as amended, bonds, or debentures of the Federal Home Loan Bank Board established under the Federal Home Loan Bank Act, bonds, debentures and other obligations of the Federal National Mortgage Association or of the Government National Mortgage Association established under the National Housing Act as amended, bonds of any federal home loan bank established under said act, and obligations of the Tennessee Valley Authority

(g) Notes, tax anticipation warrants or other evidence of indebtedness issued pursuant to Article 7 (commencing with Section 53820), Article 7 5 (commencing with Section 53840) or Article 7 6 (commencing with Section 53850) of this Chapter 4

(h) State of California notes

(i) Obligations issued or guaranteed by the International Bank for Reconstruction and Development, Inter-American Development Bank and the Government Development Bank of Puerto Rico

(j) Participation certificates of the Export-Import Bank of the United States

(k) Bonds and notes of the California Housing Finance Agency issued pursuant to Chapter 7 (commencing with Section 41700) of Part 7 of Division 31 of the Health and Safety Code

This section shall become operative on January 1, 1976

SEC 6''.

**Amendment 3**

On page 5, line 4, strike out "SEC 2''", and insert "SEC 7''"

**Amendment 4**

On page 7, line 29, after "housing", insert "to provide lower rent"

**Amendment 5**

On page 9, lines 22 and 23, strike out "concentrations of very low income households", and insert "imposed economic, ethnic, and racial isolation or concentration"

**Amendment 6**

On page 12, line 10, strike out "In", and insert "(4) In"

**Amendment 7**

On page 12, line 16, strike out "or other"

**Amendment 8**

On page 14, line 29, after "jointly", insert ", or any Indian reservation"

**Amendment 9**

On page 15, line 36, after "entity" insert "tribal council,"

**Amendment 10**

On page 16, line 14, after "jointly", insert ", or Indian reservation"

**Amendment 11**

On page 16, line 21, after the comma, insert "Indian reservation"

**Amendment 12**

On page 17, between lines 39 and 40 insert "41055.5 "Owner-occupied housing development" means a housing development containing not more than four residential units, one of which is occupied by the owner of the housing development"

**Amendment 12.5**

On page 22, line 4, after "division", insert "except Part 4 (commencing with Section 41800),"

**Amendment 13**

On page 24, strike out lines 23 to 35, inclusive

**Amendment 14**

On page 28, line 34, after the comma, insert "or with an Indian reservation or Indian organization,"

**Amendment 14.5**

On page 32, line 35, after "for", insert "the provision of housing for"

**Amendment 14.7**

On page 32, strike out lines 36 to 38, inclusive, and insert "income in this state".

**Amendment 15**

On page 36, strike out lines 20 to 26, inclusive and insert

"41209 Except where the department is specifically vested by this part with the authority to adopt rules and regulations, the commission may adopt, amend and repeal rules and regulations reasonably necessary to carry out the provisions of this part. Any rules and regulations of the commission in effect on the effective date of this division shall remain in effect until amended or repealed."

**Amendment 16**

On page 38, line 40, after the period, insert "Knowing or willful violation of the disclosure requirements of this section shall constitute a misdemeanor under Section 91000 of the Government Code. Pursuant to Section 91000, fines may be imposed for any such violation."

**Amendment 17**

On page 39, strike out lines 1 and 2, and insert

"41305 (a) Except for the member specified in subdivision (a) of Section 41302 in his capacity as an official of a city or county, no member of the board and"

**Amendment 18**

On page 43, line 32, strike out "and cities and counties", and insert "cities and counties, and Indian reservations"

**Amendment 19**

On page 46, line 8, strike out "The", and insert

"The agency shall (1) require that, to the greatest extent feasible, opportunities for training and employment arising in connection with the planning, construction, rehabilitation and operation of housing developments financed pursuant to this part be given to persons of low income residing in the area of such housing, and (2) require that, to the greatest extent feasible, contracts for work to be performed in connection with such housing developments shall, where appropriate, be awarded to business concerns (including, but not limited to, individuals or firms doing business in the field of design, architecture, building construction, rehabilitation, maintenance or repair) located in, or owned in substantial part by, persons residing in the area of such housing. In order to achieve the purposes of this section, the agency may waive bond requirements and retention requirements otherwise imposed upon contractors or subcontractors by regulation of the agency and may authorize or make advance payments for work to be performed  
The".

**Amendment 20**

On page 46, strike out lines 35 and 36, and insert "housing sponsors, other than nonprofit housing sponsors, of rental".

**Amendment 21**

On page 46, strike out lines 39 and 40, and insert "the loan is made Loans made pursuant to this part to nonprofit housing sponsors shall not exceed 98".

**Amendment 22**

On page 47, line 1, after "unless", insert "(1)"

**Amendment 22.5**

On page 47, line 2, strike out the first comma.

**Amendment 23**

On page 47, line 2, strike out the second comma

**Amendment 24**

On page 47, line 4, strike out "substantial", and insert "significant".

**Amendment 25**

On page 47, line 7, strike out "low-income, nonelderly", and insert "very low income".

**Amendment 26**

On page 47, line 7, after "households", insert "; or (2) the housing development will be designed for occupancy by elderly or handicapped households and not less than 20 percent of the units in such housing development will be occupied by very low income households, or (3) the nonprofit housing sponsor's past activities in residential developments have been limited by exclusionary or discriminatory lending policies or practices of the mortgage-finance industry or government mortgage programs".

**Amendment 27**

On page 47, between lines 7 and 8, insert "41339 This division is intended to benefit purchasers and residents of housing developments who are persons and families of low and moderate income and shall be liberally construed to allow such persons to initiate civil actions and to enforce rights duties and benefits under this division and regulations adopted pursuant to this division "

**Amendment 27.5**

On page 52, line 30, strike out "in this state", strike out line 31, and insert "for the provision of housing for persons and".

**Amendment 28**

On page 52, line 32, after "income", insert "in this state, the cost of staffing provided pursuant to this section shall be defrayed solely from loan fees, federal grants, or state money appropriated for such purpose"

**Amendment 29**

On page 58, between lines 22 and 23, insert "41404 In areas where rehabilitation financing is provided pursuant to this part, the agency, by regulation, shall require that qualified mortgage lenders in the area, lending from their own resources, do not refuse to grant loans or adopt any restriction of credit which is discriminatory as compared to their lending to persons and families in other areas. This practice would be contrary to the purposes of this part and shall therefore be prohibited

The agency, by regulation, shall also assure that qualified mortgage lenders do not substitute funds made available under this part for the lenders' own resources, without permission of the agency. Qualified mortgage lenders may provide financing under this part until the agency makes a finding that the lender is in violation of this section or decertifies the lender pursuant to Section 41057."

**Amendment 30**

On page 60, line 20, strike out " , as defined in Section 41043"

**Amendment 31**

On page 62, line 32, strike out "necessary", and insert "required"

**Amendment 32**

On page 62, line 32, strike out "increased", and insert "necessary"

**Amendment 32.5**

On page 63, line 10, strike out "reasonable notice", and insert "consent of the occupant".

**Amendment 33**

On page 69, line 35, after "jointly", insert " , or Indian reservation".

**Amendment 34**

On page 71, strike out lines 24 to 37, inclusive, and insert "opportunity for review and comment by areawide clearinghouses under circular A-95 of the United States Office of Management and Budget. Subsequent amendments shall be reviewed to assure their conformity with the intent of this division. If such an areawide clearinghouse, within 30 days after receiving notification of a proposed housing development of over 25 units within its jurisdiction, notifies the agency that it disapproves of such housing development, the agency shall, prior to recordation of a loan to finance the housing development, provide to the areawide clearinghouse a written explanation of the board's reasons for proceeding despite such disapproval. No local agency shall be required to contribute money to be expended to pay the costs of the requirements of this section."

**Amendment 34.5**

On page 78, line 9, after "Administration", insert "or by the Farmers Administration of the United States Department of Agriculture"

**Amendment 35**

On page 80, strike out lines 31 to 34, inclusive, and insert "41704.5 Any resolution or resolutions authorizing any bonds or issue thereof shall specify the extent to which revenues resulting from loans made with proceeds of the bonds so authorized are to be used to secure the bonds and the extent to which such revenues may be used for other purposes."

**Amendment 36**

On page 82, between lines 17 and 18 insert  
"Additionally the board may appoint a corporate trustee to act as trustee pursuant to this section in lieu of the State Treasurer in any instance in which the board is advised by bond counsel that a conflict of interest would arise from the Treasurer acting as such trustee"

**Amendment 37**

On page 87, strike out lines 5 to 7, inclusive, and insert "public deposits No more".

**Amendment 37.5**

On page 88, between lines 35 and 36, insert  
"41804.5 The General Obligation Bond Account is hereby created in the California Housing Finance Fund"

**Amendment 38**

On page 89, line 2, after "the", insert "General Obligation Bond Account in the"

**Amendment 39**

On page 89, line 8, after "the", insert "General Obligation Bond Account in the"

**Amendment 40**

On page 89, line 10, after the period insert "Any interest or other increment resulting from the deposit or investment of moneys in the General Obligation Bond Account shall be deposited in such account. Moneys derived by the agency from financing housing developments with the proceeds of bonds issued pursuant to this part shall be deposited in such account. Notwithstanding any other provision of this division, moneys in the General Obligation Bond Account and moneys, property, and mortgages derived therefrom shall not be pledged to secure any obligation of the agency created pursuant to Chapter 7 (commencing with Section 41700) of Part 3 of this division"

**Amendment 41**

On page 89, line 16, after "the", insert "General Obligation Bond Account in the"

**Amendment 42**

On page 89, line 19, after the third "the", insert "General Obligation Bond Account in the"

**Amendment 43**

On page 89, line 23, after the first "the", insert "General Obligation Bond Account in the"

**Amendment 44**

On page 89, line 29, after the second "the" insert "General Obligation Bond Account in the"

**Amendment 44.5**

On page 90, lines 12 and 13, strike out "of this act"

**Amendment 45**

On page 90, line 14, after "the", insert "General Obligation Bond Account in the"

**Amendment 45.5**

On page 90, line 15, after "Fund", insert "created by Section 41804 5"

**Amendment 46**

On page 90, strike out lines 16 to 29, inclusive

**Amendment 47**

On page 90, line 30, strike out "SEC 5", and insert "SEC 8"

**Amendment 48**

On page 91, line 12, strike out "SEC 6", and insert "SEC 9"

**Amendment 49**

On page 91, line 20, strike out "SEC 7", and insert "SEC 10"

**Amendment 50**

On page 91, line 26, strike out "SEC 8", and insert "SEC 11"

**Amendment 51**

On page 91, line 36, strike out "SEC 9" and insert "SEC 12"

**Amendment 52**

On page 92, line 27, strike out "SEC 10", and insert "SEC 13"

**Amendment 53**

On page 92, line 37, strike out "this act", and insert "the Housing Finance Bond Law of 1975"

**Amendment 54**

On page 92, line 39, strike out "SEC 11", and insert "SEC 14"

**Amendment 55**

On page 93, between lines 4 and 5, insert "SEC 15 Section 8 of Chapter 1222 of the Statutes of 1965 is repealed

SEC 16 It is the intent of the Legislature that Section 15 of this act shall have the effect of making permanent the transfer of the Division of Housing and of other functions to the Department of Housing and Community Development effected by Chapter 1222 of the Statutes of 1965 and that the status position and rights of persons serving in the state civil service and employed by the Commission of Housing and Community Development or the Department of Housing and Community Development shall continue to be retained by them pursuant to the State Civil Service Act (Part 2 commencing with Section 18500) of Division 5 of Title 2 of the Government Code."

**Amendment 56**

On page 93, line 5, strike out "SEC 12", and insert "SEC 17".



**Set No 2****Amendment 1**

On page 10, line 22, strike out "develop", and insert "adopt"

**Amendment 2**

On page 16, strike out lines 8-12 inclusive

**Amendment 3**

On page 16 line 33 strike out "loans for rehabilitation" and insert "rehabilitation loans"

**Amendment 4**

On page 16, line 36, strike out the second comma

**Amendment 5**

On page 18, line 31, after "income", insert "as estimated by the agency from time to time"

**Amendment 6**

On page 19, line 4, strike out "obsolete" and insert "too low, in a particular geographic area, to qualify persons and families of low or moderate income for occupancy of newly-constructed housing developments"

**Amendment 7**

On page 19, line 6, after the period, insert "Nothing in this section shall prevent the agency from adopting federal estimates of area median income and adjustments for family size as income limitations for persons and families of low or moderate income"

**Amendment 8**

On page 20 strike out lines 2-4 inclusive, and on line 5, strike out "dollars (\$2,500)."

**Amendment 8 5**

On page 20, line 6 after "standards" insert " and in participating concentrated rehabilitation areas and participating mortgage funds assistance areas other improvements may be included not exceeding two thousand five hundred dollars (\$2,500) per dwelling unit"

**Amendment 9**

On page 26 line 3, strike out "nonmetropolitan" and insert "all areas outside metropolitan areas which may be divided into one or more multi-county areas by the department,

**Amendment 10**

On page 26, line 6, strike out "Sections 41054 and", and insert "Section"

**Amendment 11**

On page 26 line 15, after "present", insert "for each county area and region"

**Amendment 12**

On page 27, strike out lines 23-24 and insert "Section 41126"

**Amendment 13**

On page 33, line 33 strike out the first "and", and insert "or other"

**Amendment 14**

On page 37, line 34, strike out "The ", and insert "No more than one member from each such category shall serve on the board concurrently. The"

**Amendment 15**

On page 42, strike out lines 6-32, inclusive, and insert "41332 In meeting the housing needs of persons and families of low or moderate income, not less than 30 percent of the units financed by mortgage loans pursuant to this part shall be available to, or occupied by, very low income households at affordable rents, unless it is not possible to obtain subsidies necessary to meet such requirement. No development loan, rehabilitation loan, or construction loan shall be made pursuant to this part if the agency determines that its ability to utilize currently available subsidies to meet the requirements of this section would be jeopardized thereby."

41332.5 The agency shall also seek to attain the following objectives:

(a) Acquisition of the maximum amount of funds available for subsidies for the benefit of persons and families of low or moderate income occupying units financed pursuant to this part."

**Amendment 16**

On page 45, line 15, after "color", insert a comma.

**Amendment 17**

On page 45, line 34, after "program", insert " which shall be at not less than the federal affirmative action standards unless the board makes a specific finding that the particular requirement would be unworkable."

**Amendments 18-19**

On page 45, strike out lines 36-39 inclusive, and insert "affirmative action programs required by this section."

**Amendment 20**

On page 53, line 3, after the comma, insert "and."

**Amendment 21**

On page 53, between lines 5 and 6, insert "The agency may, in conjunction with a construction loan, set aside a reserve to provide improvement security required under subdivision (c) of Section 66462 and Chapter 5 (commencing with Section 66499) of Division 2 of Title 7 of the Government Code which shall be in lieu of improvement security otherwise required by such provisions."

**Amendment 22**

On page 54, line 16, after "to", insert "persons and families of low or moderate income."

**Amendment 23**

On page 54, line 16, after "sponsors", insert a comma.

**Amendment 24**

On page 56, line 12, strike out "an impartial", and insert "a".

**Amendment 25**

On page 56, line 14 after "held" insert "by an impartial individual or panel selected or approved by the agency."

**Amendment 26**

On page 57 line 13, strike out "purchase", and insert "sale"

**Amendment 27**

On page 57, line 14 after "development", insert "pursuant to Section 41398, not in excess of appraised value"

**Amendment 28**

On page 58, strike out lines 9 to 15 inclusive

**Amendment 29**

On page 59, lines 18 and 19, strike out "construction loan obligations mortgage loan obligations" and insert "construction loans mortgage loans, obligations secured by construction loans or mortgage loans."

**Amendment 30**

On page 59, lines 21 and 22 strike out "Such construction loan obligations or mortgage loans obligations" and insert "The construction loan or mortgage loan purchased assigned or serving as security"

**Amendment 31**

On page 59 lines 26 and 27 strike out "construction loan obligations or mortgage loan obligations" and insert "construction loans mortgage loans, obligations secured by construction loans or mortgage loans, or participation therein"

**Amendment 32**

On page 59, lines 28 and 29 strike out "construction loan obligations or mortgage loan obligations" and insert "such loans obligations and participations"

**Amendment 33**

On page 59, line 32 after "any" insert "residential mortgage or any"

**Amendment 34**

On page 59 line 32, after "a" insert "residential"

**Amendment 35**

On page 59, line 34, after the first "obligations" insert "residential mortgages, or participations"

**Amendment 36**

On page 59 line 34, after the second "obligations" insert "residential mortgages or participations"

**Amendment 37**

On page 59, line 36 strike out "mortgages" and insert "such obligations, residential mortgages or participations"

**Amendment 38**

On page 60, strike out lines 21-25, inclusive

**Amendment 39**

On page 63 between lines 1 and 2, insert

"(e) Regulate the terms of occupancy agreements to be used in housing developments financed under this chapter. The agreement shall permit the agency to receive payments of rent and apply such payment to repairs to a resident's dwelling unit when it determines that a breach of the warranty of habitability has occurred."

**Amendment 40**

On page 63, line 35, strike out "limited-dividend"

**Amendment 41**

On page 63, line 39, after the second "of" insert "profit. Any housing sponsor of a rental housing development receiving a mortgage loan pursuant to this part, other than a nonprofit housing sponsor or local public entity, shall enter into an agreement including limitation of"

**Amendment 42**

On page 66, line 12, strike out the first "persons," and insert "and"

**Amendment 43**

On page 66, strike out lines 23-24, and insert "state

In order to facilitate implementation of local housing allocation plans the agency may contract with a local public entity to reserve a portion of available credit and subsidy assistance for that area for one year. Such contracts may be renewed annually by mutual agreement."

**Amendment 44**

On page 66, line 37, strike out "such"

**Amendment 45**

On page 69, lines 8-9, strike out "and not withstanding any other provision of law"

**Amendment 46**

On page 76, line 16, after "structures", insert "and in participating concentrated rehabilitation areas may provide rehabilitation assistance as provided in Sections 41553 and 41554"

**Senate Amendments of April 17, 1975****Amendment 1**

On page 16, line 5 of the printed bill as amended in Senate April 10, 1975, after the period insert "Such program shall be designed to overcome racial isolation and concentration through revitalization of deteriorating and deteriorated urban areas by attracting a full range of income groups to central-city areas to provide economic integration with persons and families of low or moderate income in such areas."

**Amendment 2**

On page 23, between lines 37 and 38 insert

"41071.5 "Mortgage deficient area" means an area where private lenders have failed to provide sufficient mortgage credit for financing or refinancing of new existing or rehabilitated housing developments and such practices have caused or threaten to cause a decline in the condition or quality of the housing stock in the area."

**Amendment 3**

On page 52, line 10 strike out "The" strike lines 11 to 19, inclusive and insert "The agency shall require that on construction financed by a construction loan from the agency, other than mutual self-help housing developments, all workmen employed in such construction, exclusive of maintenance work, shall be paid not less than the general prevailing rate or per diem wages for work of a similar character in the locality in which the construction is performed and not less than the prevailing rate of per diem wages for holiday and overtime work. The"

**Amendment 4**

On page 54, line 1, after "the" insert "sponsorship,"

**Amendment 5**

On page 55, line 26, strike out the semicolon and insert a comma

**Amendment 6**

On page 55, line 30, strike out ". or (3) the nonprofit", strike out lines 31 to 35, inclusive, and insert " In evaluating the significance of the past record of a nonprofit housing sponsor for purposes of this section, the agency shall take into consideration exclusionary or discriminatory lending policies or practices of the mortgage finance industry or government mortgage programs which have limited the record of past housing production or development by the nonprofit housing sponsor "

**Amendment 7**

On page 62, line 24, strike out "and"

**Amendment 8**

On page 62, line 27, after "merchants", insert ", and (c) that the location of the proposed housing development is consistent with the agency's policies of dispersing housing developments throughout communities and of avoiding undue concentration of persons and families of low income".

**Amendment 9**

On page 62, between lines 29 and 30, insert

"In providing for dispersal of housing developments, the agency shall consider economic feasibility, which shall be determined in light of all relevant factors, including the assistance programs and funds which could be utilized to reduce costs. Nothing in this section shall prohibit the agency from financing housing developments in participating concentrated rehabilitation areas and participating mortgage funds assistance areas in a manner that would otherwise be in conflict with the agency's policies respecting dispersal of housing developments or concentration of persons and families of low income where necessary to accomplish the purposes for which financing is made available by the agency in such an area "

**Amendment 10**

On page 76, line 33, after the period, insert "The agency may give priority consideration to, and reserve funds for use in connection with, large urban revitalization programs."

**Amendment 11**

On page 79, line 10, after the period, insert "The agency may develop or require housing sponsors to develop, pursuant to regulations of the agency, resident selection plans for large urban revitalization programs which recognize a need to attract a full range of income groups for housing developments in central-city areas."

**Amendments 12-13**

On page 80, strike out lines 32 and 33, and insert ", including laws prohibiting discrimination in housing."

**Amendment 14**

On page 95, line 18, strike out "bonds," strike out lines 19 to 21 inclusive and insert "bonds if, upon issuance of the bonds the amount in any bonds reserve fund, established pursuant to Section 41713 to secure such bonds or any previous issuance of bonds, will be less than the minimum bond".

**Senate Amendments of April 24, 1975****Amendment 1**

In line 12 of the title of the printed bill, as amended in Senate April 17, 1975, strike out "direct primary", and insert "general"

**Amendment 2**

On page 26, line 17, strike out "'Real'", and insert "'Real'"

**Amendment 3**

On page 30, line 2, after "Standards", insert a period

**Amendment 4**

On page 31, line 17, after "(m)", insert "To provide bilingual staff in connection with services of the department and make available departmental publications in a language other than English, where necessary to effectively serve all groups for which such services or publications are made available  
(n)".

**Amendment 5**

On page 41, between lines 26 and 27, insert  
"41174 The department shall take appropriate measures to assure that its services and publications are fully available to persons and families having limited fluency in the English language in order to assure full participation by such persons and families in programs administered by the department. Where a significant number of persons in a community have limited fluency in the English language, services and publications of the department shall be provided in the native language of such persons."

**Amendment 6**

On page 52, strike out lines 38 to 40, inclusive and on page 53, strike out lines 1 to 11, inclusive, and insert "housing and (2) determine and implement means to secure the participation of small businesses in the performance of contracts for work on housing developments and to develop the capabilities of such small businesses to more efficiently and competently participate in the economic mainstream. In order to achieve such participation by small businesses, the

agency may, among other things, waive retention requirements otherwise imposed on contractors or subcontractors by regulation of the agency and may authorize or make advance payments for work to be performed. The agency shall develop relevant selection criteria for the participation of small businesses to insure that to the greatest extent feasible the participants possess the necessary nonfinancial capabilities. With respect to such small businesses the agency may waive bond requirements otherwise imposed upon contractors or subcontractors by regulation of the agency, but the agency shall in such case substantially reduce the risk through (1) a pooled-risk bonding program, (2) a bond program in cooperation with other federal or state agencies, or (3) development of a self-insured bonding program with adequate reserves."

**Amendment 7**

On page 54, line 6, after "another", insert "nonprofit"

**Amendment 8**

On page 59, line 38, after "(q)", insert "To provide bilingual staff in connection with services of the department and make available agency publications in a language, other than English, where necessary to effectively serve all groups for which such services or publications are made available

(r)".

**Amendment 9**

On page 60, line 18, strike out ", the", and insert " The"

**Amendment 10**

On page 64, line 35, strike out "(d)"

**Amendment 11**

On page 65, strike out lines 2 to 9, inclusive and insert "Notwithstanding the provisions of subdivision (e) a tenant shall not be entitled to a hearing, as provided in this section, on the issue of whether there is good cause for eviction unless the tenant, prior to commencement of the hearing, has paid rent for the two-week hearing period to the landlord or into an escrow account established for such purpose by the agency"

**Amendment 12**

On page 71, between lines 35 and 36, insert

"(f) Provide such bilingual services and publications or require housing sponsors to provide such bilingual services and publications, as are necessary to ensure occupancy in housing developments of persons and families of low or moderate income who have limited fluency in the English language"

**Amendments 13-14**

On page 80, strike out line 3, and in line 4 strike out "mix", and insert "make adequate provision for all economic and racial segments of the community"

**Amendments 15-16**

On page 94, line 18, strike out "corporate"

**Amendment 17**

On page 94, line 29, strike out "shall", and insert "may".

**Amendment 18**

On page 96, line 6, after "chapter", insert ", and any prospectus or other written representation concerning such bonds."

**Amendment 19**

On page 96, strike out lines 31 to 33, inclusive, and insert "public deposits The bonds"

**Amendment 20**

On page 100, lines 12 and 13, strike out "California Housing Finance", and insert "Housing Bond"

**Amendment 21**

On page 100, line 18, strike out "eighth", and insert "second"

**Amendment 22**

On page 100, line 18, strike out "June", and insert "November"

**Amendment 23**

On page 100, lines 19 and 20, strike out "direct primary", and insert "general".

**Amendment 24**

On page 101, line 2, after "act", insert ", which shall appear as the first proposition on the ballot"

**Amendment 25**

On page 101, line 19, strike out "primary", and insert "general"

**Senate Amendments of May 1, 1975****Amendment 1**

On page 14, between lines 38 and 39, of the printed bill, as amended in Senate April 24, 1975, insert

"(j) Restoration and rehabilitation of structures of architectural or historic merit."

**Amendment 2**

On page 18, line 12, after "following", insert "and in the order provided below".

**Amendment 3**

On page 18, strike out lines 13 through 32, inclusive, and insert  
 "(1) Dissemination by mailing to property owners within the proposed rehabilitation area at the address shown on the latest assessment roll and by distribution to residents of the proposed participating concentrated rehabilitation area by a manner determined appropriate by the local public entity, of information relating to the time and location of meetings, boundaries of the proposed area and a general description of the proposed rehabilitation assistance program

(2) Holding a public meeting prior to the hearing by the local public entity considering selection of the area for designation

(3) Consultation with an elected or appointed citizen advisory board, composed of representatives of owners of property in and residents of, a proposed participating concentrated rehabilitation area, in developing a plan for public improvements and the rules and regulations for implementation of the proposed rehabilitation assistance program

In addition to the requirements of paragraphs (1)''.



**Amendment 4**

On page 21, between lines 29 and 30, insert  
 "41042 "Historic preservation" means the restoration and re-  
 habilitation of residential and mixed residential-nonresidential struc-  
 tures of architectural or historic merit designated in a federal, state  
 or local government register or pursuant to regulations of the depart-  
 ment establishing appropriate procedures for such designation by the  
 department or other governmental agency, and the relocation of such  
 structures as necessary for their preservation "

**Amendment 5**

On page 30, line 3, strike out "two", and insert "three"

**Amendment 6**

On page 30, line 5, strike out "Assistance", and insert "Policy  
 Development"

**Amendment 7**

On page 30, between lines 5 and 6 insert  
 "(c) The Division of Community Affairs".

**Amendment 8**

On page 38, line 1, after "assistance", insert "or staffing".

**Amendment 9**

On page 40, line 1, after "assistance", insert "or staffing"

**Amendment 10**

On page 41, line 2, after "materials", insert ", and the services of  
 field representatives"

**Amendment 11**

On page 43, line 36, after "including", insert "a chairperson,"

**Amendment 12**

On page 43, line 39, strike out "six", and insert "five"

**Amendment 13**

On page 44, strike out lines 6 through 40, inclusive

**Amendment 14**

On page 45, strike out lines 1 through 13, inclusive, and insert  
 "41302 Appointed members of the board shall be able persons  
 broadly reflective of the economic, cultural, and social diversity of the  
 state, including ethnic minorities and women. However, it is not in-  
 tended that formulas or specific ratios be applied in order to achieve  
 such diversity. Of the members appointed by the Governor, one shall  
 be an elected official of a city or county engaged in the planning or im-  
 plementation of a housing, housing assistance, redevelopment, or housing  
 rehabilitation program; one shall be presently in residential real estate  
 in the savings and loan, mortgage banking, or commercial banking in-  
 dustry; one shall be a builder of residential housing; one shall be  
 presently in organized labor of the residential construction industry,  
 and one shall be presently in the management of rental housing occu-  
 pied by lower-income households. The Senate Rules Committee and the  
 Speaker of the Assembly shall each appoint a tenant living in rental

housing financed by the agency or a person experienced in counseling, assisting, or representing tenants. The terms of the members initially appointed by the Governor, the Senate Rules Committee, and the Speaker of the Assembly shall be as follows:

(a) An elected official of a city or county engaged in the planning or implementation of a housing, housing assistance, redevelopment, or housing rehabilitation program—two years appointed by the Governor.

(b) Member presently in residential real estate in the savings and loan, mortgage banking or commercial banking industry—four years appointed by the Governor.

(c) Member who is a builder of residential housing—six years appointed by the Governor.

(d) Member presently in organized labor of the residential construction industry—two years appointed by the Governor.

(e) Member presently in the management of rental housing occupied by lower-income households—four years appointed by the Governor.

(f) Member appointed by the Speaker of the Assembly who is a tenant living in rental housing financed by the agency or is experienced in counseling, assisting, or representing tenants—six years.

(g) Member appointed by the Senate Rules Committee who is a tenant living in rental housing financed by the agency or is experienced in counseling, assisting or representing tenants—two years.

The term of any member of the board appointed by the Governor to serve subsequent to the expiration of such an initial term shall be six years. Any person appointed to fill a vacancy on the board shall serve only for the remainder of the unexpired term. Successors to initially appointed members specified in subdivisions (f) and (g) shall be tenants living in rental housing financed by the agency, if any exists. Members of the board shall, subject to continued qualification, be eligible for reappointment. If a member of the board ceases to meet the qualifications specified in this section, his membership on the board shall be terminated."

#### Amendment 15

On page 47, strike out lines 9 through 11, inclusive, and insert "41307. The board shall appoint a chairperson, subject to the approval of the Secretary of the Business and Transportation Agency, who, when present, shall preside at meetings of the board. The term of the chairperson shall be five years."

#### Amendment 16

On page 55, line 20, after "division", insert ", provided however this section shall not limit, modify or restrict the standing of other persons to initiate civil actions by reason of the action or inaction of the agency, department or commission."

#### Amendment 16.5

On page 56, line 29, strike out "savings and loan associations", and insert "other financial institutions."

#### Amendment 17

On page 56, line 31, strike out "savings and loan".

**Amendment 18**

On page 56, line 32, strike out "associations", and insert "financial institutions".

**Amendment 19**

On page 56, strike out line 34, and insert "moneys among those types of financial institutions"

**Amendment 20**

On page 65, line 26, strike out "preponderance", and insert "weight"

**Amendment 21**

On page 65, line 26, after "evidence" insert "Before a right to a hearing vests, the tenant must pay rent for the two-week hearing period to the owner or to an escrow account of the agency, if not already paid"

**Amendment 22**

On page 65, line 33, strike out "preponderance", and insert "weight"

**Amendment 23**

On page 66, strike out lines 2 through 8, inclusive, and insert "The costs of any hearing conducted pursuant to this section shall be assessed to, and paid by, the losing party as provided in regulations of the agency. If neither party prevails, the costs of the hearing shall be equitably apportioned"

**Amendment 24**

On page 72, strike out lines 32 through 35, inclusive, and insert "chapter."

**Amendment 25**

On page 82, line 16, after "Rehabilitation", insert "and Historic Preservation"

**Amendment 26**

On page 82, line 20, strike out the first comma, and insert "and historic preservation,"

**Amendment 27**

On page 82, line 30, after "rehabilitation", insert "or historic preservation"

**Amendment 28**

On page 86, line 38, after "41558", insert "Upon application by a local public entity the agency may agree to provide construction loans, rehabilitation loans, and mortgage loans at market interest for historic preservation where necessary for the rehabilitation, restoration, or relocation of structures designated by the local public entity. However, prior to granting a loan for the purpose of historic preservation, the agency shall first determine that the housing sponsor applying for assistance has made a concerted effort to obtain financing from private lenders with the use of a state mortgage insurance program, if such exists

41559 "

**Senate Amendments of May 22, 1975**  
**Amendment 1**

On page 5 of the printed bill, as amended in Senate May 1, 1975, strike out line 1, and insert

"SECTION 1 Section 11552 of the Government Code is amended to read

11552 An annual salary of thirty thousand dollars (\$30,000) shall be paid to each of the following:

- (a) Superintendent of Banks
- (b) Commissioner of Corporations
- (c) Insurance Commissioner
- (d) Director of Transportation
- (e) Real Estate Commissioner
- (f) Savings and Loan Commissioner
- (g) Director of Benefit Payments
- (h) Director of Water Resources
- (i) Director of Food and Agriculture
- (j) Director of Corrections
- (k) Director of General Services
- (l) Director of Industrial Relations
- (m) Director of Motor Vehicles
- (n) Director of Youth Authority
- (o) Commissioner, California Highway Patrol
- (p) Members of the Public Utilities Commission
- (q) Director of Employment Development
- (r) Director of Alcoholic Beverage Control
- (s) Director of Housing and Community Development

SEC 2 Section 11556 of the Government Code is amended to read:

11556 An annual salary of twenty-five thousand dollars (\$25,000) shall be paid to each of the following

- (a) Director of Navigation and Ocean Development
- (b) Director, Office of Emergency Services
- (c) Members of the Adult Authority
- (d) Members of the Board of Equalization
- (e) Members of the State Water Resources Control Board
- (f) Members of the Youth Authority Board
- (g) State Fire Marshal.

SEC 2 5 Section 16522 of the Government Code is amended to read

16522 The following securities may be received as security for demand and time deposits

(a) Bonds, notes, or other obligations of the United States, or those for which the faith and credit of the United States are pledged for the payment of principal and interest

(b) Notes or bonds or any obligations of a local public agency (as defined in the United States Housing Act of 1949) or any obligations of a public housing agency (as defined in the United States Housing Act of 1937) for which the faith and credit of the United States are pledged for the payment of principal and interest

(c) Bonds of this state or of any county, city, town, metropolitan water district, municipal utility district, municipal water district, bridge and highway district, flood control district, school district,

water district, water conservation district or irrigation district within this state, and, in addition, revenue or tax anticipation notes, and revenue bonds payable solely out of the revenues from a revenue-producing property owned, controlled or operated by this state, or such local agency or district, or by a department, board, agency, or authority thereof.

(d) Registered warrants of this state.

(e) Bonds, consolidated bonds, collateral trust debentures, consolidated debentures, or other obligations issued by the United States Postal Service, federal land banks or federal intermediate credit banks established under the Federal Farm Loan Act, as amended, debentures and consolidated debentures issued by the Central Bank for Cooperatives and banks for cooperatives established under the Farm Credit Act of 1933, as amended, bonds or debentures of the Federal Home Loan Bank Board established under the Federal Home Loan Bank Act, bonds, debentures and other obligations of the Federal National Mortgage Association established under the National Housing Act as amended, in the bonds of any federal home loan bank established under said act, and in bonds, notes, and other obligations issued by the Tennessee Valley Authority under the Tennessee Valley Authority Act, as amended.

(f) Bonds and notes of the California Housing Finance Agency issued pursuant to Chapter 7 (commencing with Section 41700) of Part 3 of Division 31 of the Health and Safety Code.

SEC. 2.7. Section 53651 of the Government Code, as amended by Section 4 of Chapter 464 of the Statutes of 1973, is amended to read: 53651. Eligible securities are any of the following:

(a) United States Treasury notes, bonds, bills or certificates of indebtedness, or obligations for which the faith and credit of the United States are pledged for the payment of principal and interest.

(b) Notes or bonds or any obligations of a local public agency (as defined in the United States Housing Act of 1949) or any obligations of a public housing agency (as defined in the United States Housing Act of 1937) for which the faith and credit of the United States are pledged for the payment of principal and interest.

(c) Bonds of this state or of any local agency or district of the State of California having the power, without limit as to rate or amount, to levy taxes to pay the principal and interest of such bonds upon all property within its boundaries subject to taxation by such local agency or district, and in addition, sales tax revenue bonds, and revenue bonds and other obligations payable solely out of the revenues from a revenue-producing property owned, controlled or operated by such state, local agency or district or by a department, board, agency or authority thereof.

(d) Bonds of any public housing agency (as defined in the United States Housing Act of 1937, as amended) as are secured by a pledge of annual contributions under an annual contribution contract between such public housing agency and the Public Housing Administration if such contract shall contain the covenant by the Public Housing Administration which is authorized by subsection (b) of Section 22 of the United States Housing Act of 1937, as amended, and if the maximum sum and the maximum period specified in such contract pursuant to said subsection 22(b) shall not

be less than the annual amount and the period for payment which are requisite to provide for the payment when due of all installments of principal and interest on such obligations.

(e) Registered warrants of this state.

(f) Bonds, consolidated bonds, collateral trust debentures, consolidated debentures, or other obligations issued by the United States Postal Service, federal land banks or federal intermediate credit banks established under the Federal Farm Loan Act, as amended, debentures and consolidated debentures issued by the Central Bank for Cooperatives and banks for cooperatives established under the Farm Credit Act of 1933, as amended, bonds, or debentures of the Federal Home Loan Bank Board established under the Federal Home Loan Bank Act, bonds, debentures and other obligations of the Federal National Mortgage Association or of the Government National Mortgage Association established under the National Housing Act, as amended, bonds of any federal home loan bank established under said act, and obligations of the Tennessee Valley Authority.

(g) Notes, tax anticipation warrants or other evidence of indebtedness issued pursuant to Article 7 (commencing with Section 53820), Article 7.5 (commencing with Section 53840) or Article 7.6 (commencing with Section 53850) of Chapter 4.

(h) State of California notes.

(i) Bonds, notes, certificates of indebtedness, warrants or other obligations issued by: (1) any state of the United States (except this state), or the Commonwealth of Puerto Rico, or any local agency thereof having the power to levy taxes, without limit as to rate or amount, to pay the principal and interest of such obligations, or (2) any state of the United States (except this state), or the Commonwealth of Puerto Rico, or a department, board, agency or authority thereof, which are payable solely out of the revenues from a revenue-producing source owned, controlled or operated thereby; provided such obligations issued by an entity described in subsection (1) are rated in one of the three highest grades, and such obligations issued by an entity described in subsection (2) are rated in one of the two highest grades by a nationally recognized investment service organization that has been engaged regularly in rating state and municipal issues for a period of not less than five years.

(j) Obligations issued or guaranteed by the International Bank for Reconstruction and Development, Inter-American Development Bank, and the Government Development Bank of Puerto Rico.

(k) Participation certificates of the Export-Import Bank of the United States.

(l) Bonds and notes of the California Housing Finance Agency issued pursuant to Chapter 7 (commencing with Section 41700) of Part 3 of Division 31 of the Health and Safety Code.

This section shall become inoperative and is repealed on the operative date of Section 53651 of the Government Code as amended by Section 5 of the chapter amending this section at the 1973-74 Regular Session.

SEC. 2.9. Section 53651 of the Government Code, as amended by Section 5 of Chapter 464 of the Statutes of 1973, is amended to read:  
53651 Eligible securities are any of the following:

(a) United States Treasury notes, bonds, bills or certificates of indebtedness, or obligations for which the faith and credit of the United States are pledged for the payment of principal and interest.

(b) Notes or bonds or any obligations of a local public agency (as defined in the United States Housing Act of 1949) or any obligations of a public housing agency (as defined in the United States Housing Act of 1937) for which the faith and credit of the United States are pledged for the payment of principal and interest.

(c) Bonds of this state or of any local agency or district of the State of California having the power, without limit as to rate or amount, to levy taxes to pay the principal and interest of such bonds upon all property within its boundaries subject to taxation by such local agency or district, and in addition, sales tax revenue bonds, and revenue bonds and other obligations payable solely out of the revenues from a revenue-producing property owned, controlled or operated by such state, local agency or district or by a department, board, agency or authority thereof.

(d) Bonds of any public housing agency (as defined in the United States Housing Act of 1937, as amended) as are secured by a pledge of annual contributions under an annual contribution contract between such public housing agency and the Public Housing Administration if such contract shall contain the covenant by the Public Housing Administration which is authorized by subsection (b) of Section 22 of the United States Housing Act of 1937, as amended, and if the maximum sum and the maximum period specified in such contract pursuant to said subsection 22(b) shall not be less than the annual amount and the period for payment which are requisite to provide for the payment when due of all installments of principal and interest on such obligations.

(e) Registered warrants of this state.

(f) Bonds, consolidated bonds, collateral trust debentures, consolidated debentures, or other obligations issued by the United States Postal Service, federal land banks or federal intermediate credit banks established under the Federal Farm Loan Act, as amended, debentures and consolidated debentures issued by the Central Bank for Cooperatives and banks for cooperatives established under the Farm Credit Act of 1933, as amended, bonds, or debentures of the Federal Home Loan Bank Board established under the Federal Home Loan Bank Act, bonds, debentures and other obligations of the Federal National Mortgage Association or of the Government National Mortgage Association established under the National Housing Act, as amended, bonds of any federal home loan bank established under said act, and obligations of the Tennessee Valley Authority.

(g) Notes, tax anticipation warrants or other evidence of indebtedness issued pursuant to Article 7 (commencing with Section 53820), Article 7.5 (commencing with Section 53840) or Article 7.6 (commencing with Section 53850) of Chapter 4.

(h) State of California notes.

(i) Obligations issued or guaranteed by the International Bank for Reconstruction and Development, Inter-American Development Bank, and the Government Development Bank of Puerto Rico.

(j) Participation certificates of the Export-Import Bank of the

United States.

(k) Bonds and notes of the California Housing Finance Agency issued pursuant to Chapter 7 (commencing with Section 41700) of Part 3 of Division 31 of the Health and Safety Code.

This section shall become operative on January 1, 1976.

SEC. 3 Part 8 (commencing with Section 37000) of Division 24 of the Health and Safety Code is repealed.

SEC. 4. Division 31 (commencing with Section 41000) is added to the Health and Safety Code, to read:

## DIVISION 31. HOUSING AND HOME FINANCE

### PART 1. STATE HOUSING POLICY AND GENERAL PROVISIONS

#### CHAPTER 1. LEGISLATIVE FINDINGS AND DECLARATIONS

41000. This division shall be known and may be cited as the Chacon-Moscone-Zenovich Housing and Home Finance Act.

41001. The Legislature finds and declares that the subject of housing is of vital statewide importance to the health, safety, morals, and welfare of the residents of this state, for the following reasons:

(a) Full cooperation and coordination with the cities and counties of the state in meeting the housing needs of the state on a level of government that is as close as possible to the people it serves is essential if workable programs are to be developed and implemented.

(b) Decent housing is an essential motivating force in helping people achieve self-fulfillment in a free and democratic society.

(c) Unsanitary, unsafe, overcrowded, or congested dwelling accommodations constitute conditions which cause an increase in, and spread of, disease and crime.

(d) A healthy housing market is one in which residents of this state have a choice of housing opportunities and one in which the housing consumer may effectively choose within the free marketplace.

(e) A healthy housing market is fundamentally related to a healthy state economy and can contribute significantly to the employment factor of California.

41002 The Congress of the United States has established, as a national goal, the provision of a decent home and a suitable living environment for every American family and the Legislature finds and declares that the attainment of this goal is a priority of the highest order. The national housing goal, as it applies to California, is deserving of adoption by the Legislature, with the accompanying commitment to guide, encourage, and direct where possible, the efforts of the private and public sectors of the economy to cooperate and participate in the early attainment of a decent home and a satisfying environment for every Californian.

The attainment of a national and state housing goal is complicated by a variety of continuing problems, not the least of which are the absence of a coherent housing policy, the absence of a comprehensive framework outlining the dimensions of need and obstacles preventing the fulfillment of such need, the absence of effective private-public mechanisms designed to engender and



facilitate a partnership approach to housing, and the absence of effective subsidy programs designed to reach very low income households and other persons and families of low or moderate income.

41003 The Legislature finds and declares that, as a result of public actions involving highways, public facilities, and urban renewal projects, and as a result of poverty and the spread of slum conditions and blight to formerly sound neighborhoods, there exists within the urban and rural areas of the state a serious shortage of decent, safe, and sanitary housing available at low and moderate rentals which persons and families of low and moderate income and elderly and handicapped persons can afford. This shortage is inimical to the safety, health, morals, and welfare of the residents of this state and the sound growth of its communities. Private enterprise and investment, without the assistance contemplated in this division, is not disposed to provide, nor can it economically achieve, the needed construction of decent, safe, and sanitary housing at rentals which persons and families of low and moderate income can afford and the urgently needed rehabilitation of existing housing.

In order to remedy such housing shortages, it is necessary to implement a public program incorporating the following elements and goals:

(a) A reduction in the cost of mortgage financing for rental housing to provide lower rent for persons and families of low and moderate income, so as to reduce economic pressures for increased rental payments.

(b) A reduction in the cost of mortgage financing for home purchases, in order to make homeownership feasible for persons and families of low or moderate income.

(c) The availability of mortgage financing in geographical areas in which private lenders have been unable or unwilling to commit additional funds for residential lending.

(d) The provision of assistance and encouragement with respect to residential construction and rehabilitation by private enterprise which will house persons of varied economic means in the same structures and neighborhoods, thereby alleviating and contributing to the permanent elimination of slum conditions

(e) Restoration and rehabilitation of structures of architectural or historic merit.

(f) An increase in the supply of housing available to the elderly and handicapped and large families.

(g) Encouragement and assistance of housing and community development in rural areas and among Indian residents of the state.

(h) Encouragement of mutual self-help housing projects, home management training, and relocation assistance

(i) Maximum utilization of federal subsidies available to meet housing needs of very low income households and other persons and families of low or moderate income

(j) The provision to local governments, as authorized by this division, of the financial resources, statistical data, and technical assistance needed to assist them in meeting housing needs within their respective jurisdictions.

41004. The Legislature finds and declares that it is to the

economic benefit of the state and a public purpose to encourage the availability of adequate housing and home finance for persons and families of low or moderate income, and to develop viable urban and rural communities by providing decent housing, enhanced living environment, and increased economic opportunities for persons and families of low or moderate income. The exercise of the powers specified in this division will be in all respects for the benefit of the people of the state, for their well-being and prosperity, and for the improvement of their social and economic conditions. Therefore, this division shall be liberally construed to effect its purposes.

41005. The Legislature finds and declares that full cooperation and coordination with the cities and counties of the state in meeting the housing needs of the state on a level of government which is as close as possible to the people it serves is essential if workable housing programs are to be developed and implemented

41006. The Legislature finds and declares that a number of federal housing programs have failed to reach the fundamental goals and purposes for which they were established, especially in urban areas. In California, this failure has often been related to inadequate consideration of the relationship between housing and the community in which the housing is located.

It is the intent of the Legislature in enacting this division to seek to avoid such failures by providing a comprehensive and balanced approach to the solution of housing problems of very low income households and persons and families of low or moderate income in the state. It is further the intent of the Legislature to provide a program which gives consideration, not only to the production and financing of housing, but also to the social and aesthetic impact of such housing. A California housing program must consider the distribution throughout the state of such housing as may be assisted pursuant to this division, the avoidance of imposed economic, ethnic, and racial isolation or concentration, an emphasis on superior design, including the scale and location of such housing, the preparation of communities and persons availing themselves of the program, and other factors which contribute to a decent living environment.

41007. The Legislature finds and declares that the large equities that the majority of California residents in most economic strata have now accumulated in single-family homes must be protected and conserved.

41008. Nothing in this division shall authorize the imposition of controls on rents for housing units not financed pursuant to this division

## CHAPTER 2. DEFINITIONS

41020. Unless otherwise indicated by the context, the definitions contained in this chapter shall govern the construction of this division

41021. "Affirmative action" means any program to create greater job opportunities for members of disadvantaged racial, sexual, religious, ancestral, or national-origin groups. Such program shall include educational, promotional, and other appropriate activity designed to secure greater employment opportunity for the members of such groups.

41022. "Affirmative marketing program" means any program to achieve greater access to housing opportunities created by this division for members of disadvantaged racial, sexual, religious, ancestral or national-origin groups. Such program shall include educational, promotional, and other appropriate activity designed to secure greater housing opportunities for the members of such groups

41023. "Affordable rent" means rent not in excess of the percentage of the gross income of the occupant person or family established by regulation of the agency and not in excess of market rent. Such percentage shall be established at not more than 25 percent nor less than 15 percent of gross income as will best serve the purposes of this division. The agency shall, by regulation, develop criteria defining, and providing for determination of, gross income and rent for purposes of this section, which shall be consistent with pertinent regulations of the Department of Housing and Urban Development or other federal law with respect to developments aided by the federal government

41024 "Agency" means the California Housing Finance Agency

41025. "Assisted housing" means housing financed by a below-market interest rate mortgage insured or purchased, or a loan made, by the Secretary of the United States Department of Housing and Urban Development or by the Farmers Home Administration of the United States Department of Agriculture; or a market-interest-rate mortgage insured or purchased, or a loan made in combination with, or as augmented by, a program of rent supplements or subsidies, interest subsidies, leasing, contributions or grants, or other programs as are now or hereafter authorized by federal law to serve persons and families of low or moderate income; a mortgage or loan made pursuant to this part; or a mortgage or loan from any private or public source with an interest rate and terms satisfactory to the agency and which will meet the requirements and purposes of this division.

41026. "Below-market interest" means the interest rate determined by the agency to be sufficient to return to the agency sufficient income to meet its obligations and expenses connected with a mortgage for which an interest rate below the then current market rate is determined, at the time of commitment of funds by the agency.

41027. "Board" means the board of directors of the agency

41028. "Bonds" means bonds, notes (including construction loan notes), debentures, interim certificates, or other evidences of financial indebtedness issued by the agency pursuant to Part 3 (commencing with Section 41300) of this division.

41029. "Cause" means gross neglect of duties, fraud, or violation of Section 41304 or Section 41305.

41030. "Citizen participation" means action by the local public entity to provide persons who will be affected by rehabilitation assistance financed under the provisions of Chapter 6 (commencing with Section 41550) of Part 3 of this division with opportunities to be involved in planning and carrying out the rehabilitation assistance program. "Citizen participation" shall include, but not be limited to, all of the following:

(1) Holding a public meeting prior to the hearing by the local public entity considering selection of the area for designation.

(2) Consultation with an elected or appointed citizen advisory board, composed of representatives of owners of property in, and residents of, a proposed participating concentrated rehabilitation area, in developing a plan for public improvements and the rules and regulations for implementation of the proposed rehabilitation assistance program.

(3) Dissemination by mailing to property owners within the proposed rehabilitation area at the address shown on the latest assessment roll and by distribution to residents of the proposed participating concentrated rehabilitation area by a manner determined appropriate by the local public entity, of information relating to the time and location of meetings, boundaries of the proposed area, and a general description of the proposed rehabilitation assistance program.

(4) In addition to the requirements of paragraphs (1) to (3), inclusive, any other means of citizen involvement determined appropriate by the legislative body of the local public entity may be implemented.

Public meetings and consultations held to implement the requirements of citizen participation shall be conducted by a planning or rehabilitation official designated by the legislative body of the local public entity. Public meetings shall be held at times and places convenient to residents and property owners.

41031. "Commission" means the Commission of Housing and Community Development.

41032. "Construction loan" means a short-term loan secured by real property, made for development costs incurred in construction or rehabilitation of a housing development

41033 "Department" means the Department of Housing and Community Development.

41034. "Development costs" means the aggregate of all costs incurred in connection with a housing development which are approved by the agency as reasonable and necessary, including, but not limited to, the following:

(a) The cost of acquiring land and any buildings thereon, including payments for options, deposits, or contracts to purchase properties on a proposed housing development site or payments for the purchase of such properties

(b) The cost of site preparation, demolition, and clearing.

(c) Architectural, engineering, legal, accounting, consulting, and other fees paid or payable in connection with the planning, execution, and financing of a housing development and the finding of an eligible mortgagee for a housing development.

(d) The cost of necessary studies, surveys, plans, and permits.

(e) The cost of insurance, interest and financing, tax and assessment costs, and other operating and carrying costs incurred during construction or rehabilitation

(f) The cost of construction, rehabilitation, reconstruction and fixtures, medical facilities, furnishings, equipment, machinery, apparatus, and similar facilities and equipment related to the real property

(g) The cost of land improvements, including, but not limited to, landscaping, site preparation and streets, sewers, utilities, and other offsite improvements, whether or not such costs are paid in cash or in a form other than cash.

(h) A reasonable profit and risk fee, as defined in regulations of the agency, in addition to job overhead to the general contractor and, if applicable, a limited-dividend housing sponsor

(i) An allowance established by the agency for working capital and for reasonable reserves set aside to defray unanticipated additional development costs.

(j) Necessary expenses incurred in connection with initial occupancy of a housing development, including reserves for any anticipated operating deficits to be incurred during the construction period and the initial years of occupancy.

(k) Repayment of a development loan.

(l) The cost of such other items, including tenant and homeowner relocation and tenant and homeowner counseling, as the agency shall determine to be reasonable and necessary for the development of a housing development.

The statement of a specific cost item within this section shall in no way imply a requirement that the agency finance that item in making a loan on any housing development. Development costs shall not include any greater portion of the cash outlay required for a housing development owned by a limited-dividend housing sponsor than is consistent with an equity investment sufficient to ensure a substantial and continuing interest by such sponsor in the housing development.

41035. "Development loan" means a loan, made prior to the granting of a construction loan, for planning, acquisition of land and improvements thereon, and site preparation for a housing development. A development loan may include costs of architectural, or engineering, legal and consulting services, the cost of necessary studies, surveys and governmental permits, and the cost of such other items as the agency deems reasonable and necessary for the initial preparation for construction or rehabilitation of a housing development.

41036. "Elderly" means a family in which the head of the household is 60 years of age or older or a single person who is 60 years of age or older.

41037. "Financial interest" has the same meaning as specified in Section 87103 of the Government Code.

41038. "Fund" means the California Housing Finance Fund.

41039. "Governmental agency" means the United States of America, the State of California, any city, county, or city and county within this state and any department, division, public corporation, or public agency of this state or of the United States, or two or more of such entities acting jointly or Indian reservation.

41040. "Guaranteed" means secured by a pledge of the full faith and credit of the United States for the payment of the principal, interest, and any redemption premium on bonds issued under the authority of this division.

41041. "Handicapped" means a family in which the head of the household is suffering from a physical disability affecting his or her

ability to obtain employment or a single person with such physical disability, where the family or person requires special care or facilities in the home. "Handicapped" also includes a family in which the head of household suffers from a developmental disability specified in subdivision (h) of Section 38003 or a mental disorder which would render him or her eligible to participate in programs of rehabilitation or social services conducted by or on behalf of a public agency, or a single person with such developmental disability or mental disorder.

41042. "Historic preservation" means the restoration and rehabilitation of residential and mixed residential-nonresidential structures of architectural or historic merit designated in a federal, state, or local government register or pursuant to regulations of the department establishing appropriate procedures for such designation by the department or other governmental agency, and the relocation of such structures as necessary for their preservation.

41043. "Housing development" means any work or undertaking of new construction or rehabilitation, or the acquisition of existing residential structures in good condition, for the provision of housing which is financed pursuant to the provisions of this division for the primary purpose of providing decent, safe, and sanitary housing for persons and families of low or moderate income. "Housing development" also means housing financed pursuant to this part for rental occupancy of, for resale to, or sold to, persons and families of low or moderate income. A housing development may include housing for other economic groups as part of an overall plan to develop new or rehabilitated communities or neighborhoods, where housing for persons and families of low or moderate income is a primary goal. A housing development may include any buildings, land, equipment, facilities, or other real or personal property which the agency determines pursuant to its rules and regulations to be necessary or convenient in connection with the provision of housing pursuant to this division, including, but not limited to, streets, sewers, utilities, parks, site preparation, landscaping, and other nonhousing facilities, such as administrative, community, health, recreational, educational, and commercial facilities, and includes child day-care facilities which are an integral part of a planned housing development.

41044. "Housing sponsor" means any individual, joint venture, partnership, limited partnership, trust, corporation, cooperative, local public entity, tribal council, or other legal entity, or any combination thereof, certified by the agency pursuant to rules and regulations of the agency as qualified to either own, construct, acquire, rehabilitate, operate, manage, or maintain a housing development, whether for profit, nonprofit, or organized for limited profit, and subject to the regulatory powers of the agency pursuant to rules and regulations of the board and other terms and conditions set forth in this division. "Housing sponsor" includes persons and families of low or moderate income who are approved by the agency as eligible to own and occupy a housing development.

41045. "Limited-dividend housing sponsor" means any housing sponsor which owns a housing development and whose profit or cash return is limited pursuant to Section 41482 and regulations adopted

by the board pursuant thereto

41046. "Local housing agent" means a city, county, city and county, or combination thereof acting jointly, or Indian reservation, which is certified by the department pursuant to Section 41512 to review applications by prospective housing sponsors for loans made or assisted under this division for housing developments proposed within the territorial boundaries of the local housing agent.

41047. "Local public entity" means any county, city, city and county, redevelopment agency organized pursuant to Part 1 (commencing with Section 33000) of Division 24, and housing authority organized pursuant to Part 2 (commencing with Section 34200) of Division 24, Indian reservation and also includes any state agency, public district or other political subdivision of the state, and any instrumentality thereof, which is authorized to engage in or assist in the development or operation of housing for persons and families of low or moderate income. "Local public entity" also includes two or more local public entities acting jointly.

41048. "Market interest" means, except with respect to loans for rehabilitation, the interest rate determined by the agency, pursuant to its rules and regulations, to be the lowest interest rate generally available in the private market for construction loans, new loans, for single-family housing, apartment project loans, or loans on existing housing, as the case may be, at the time of commitment of funds by the agency. In the case of rehabilitation loans, "market interest" shall instead mean the interest rate fixed by the agency, not exceeding 10 percent annual interest nor exceeding the applicable bond interest rate by more than 2 percent.

41049. "Market rent" means the monthly rent established by the agency as competitive according to its own regulations, except where federal regulations provide a required method of determining market rent. Determination of market rent may be reviewed annually upon application by the mortgagor, subject to applicable federal regulations, if any.

41050. "Metropolitan area" means a standard metropolitan statistical area as established by the United States Office of Management and Budget.

41051. "Mortgage" means a mortgage, deed of trust, or other instrument which is a lien on real property. "Mortgage" includes the note secured by such an instrument

41052. "Mortgage loan" means a long-term loan which is secured by a mortgage and is made for permanent financing of a housing development in the state

41053. "Mutual self-help housing" means assisted housing for which persons and families of low or moderate income contribute their own labor in individual or group efforts to provide decent, safe, and sanitary housing for themselves, their families, and others occupying the housing

41054. "Nonmetropolitan area" means an area not included in a metropolitan area or a rural area

41055. "Nonprofit housing sponsor" means a nonprofit corporation incorporated pursuant to Part 1 (commencing with Section 9000) of Division 2 of Title 1 of the Corporations Code or a cooperative corporation incorporated pursuant to Part 2

(commencing with Section 12200) of Division 3 of Title 1 of the Corporations Code or any other corporation which is certified by the agency as a housing sponsor which cannot legally accumulate, distribute, or divert profits and is otherwise qualified to own a housing development.

41055.1. "Owner-occupied building" means a building containing one to four residential units, one of which is occupied by the owner.

41056 "Persons and families of low or moderate income" means persons and families deemed by the agency to be unable to pay the amounts at which unassisted private enterprise is providing suitable, decent, safe, and sanitary housing. The agency shall adopt regulations establishing criteria for qualification of persons and families of low or moderate income, which may differ among different areas in the state to reflect varying economic and housing conditions. In developing such criteria, factors such as the following shall be taken into consideration:

- (a) The amount of the total income of such person or family that is available for housing needs.
- (b) The size of the household.
- (c) The cost and condition of available housing.
- (d) The eligibility of such persons and families for federal housing assistance of any type

"Persons and families of low or moderate income" includes very low income households, but does not include those persons and families whose savings or assets, or whose annual income in combination with such savings and assets, is sufficient to enable them to obtain and maintain decent, safe, and sanitary housing, without undue financial burden, as determined by regulations of the agency.

Income limitations for persons and families of moderate income shall not exceed 120 percent of median income, and income limitations for persons and families of low income shall not exceed 80 percent of median income. However, the board and the department jointly, or either acting with the concurrence of the Secretary of the Business and Transportation Agency, may modify such standards, upon a determination that they are obsolete. Adjustments above or below such maximum income limitations shall be made to compensate for family size.

41057. "Qualified mortgage lender" means a mortgage lender certified by the agency, pursuant to rules and regulations, thereof, to do business with the agency. Such a mortgage lender may be a bank or trust company, mortgage banker, federal- or state-chartered savings and loan association, service corporation, or other financial institution or governmental agency which is deemed capable of providing service or otherwise aiding in the financing of construction loans and mortgage loans, and nothing in any other provision of state law shall prevent such a lender or governmental agency from serving as a qualified mortgage lender under this division A "qualified mortgage lender" that violates state law or the terms of any agreement with the agency shall be promptly decertified.

41058. "Real property" means all lands, including improvements and fixtures thereon, and property of any nature appurtenant thereto or used in connection therewith, and every estate, interest,



and right, legal or equitable, therein, including leaseholds, terms of years, and liens by way of judgment, mortgage, or otherwise.

41059. "Rehabilitated dwelling" means a housing development which becomes eligible for a mortgage loan by rehabilitation conducted pursuant to rules and regulations adopted by the agency, whether or not a construction loan is provided by the agency for such rehabilitation

41060. "Rehabilitation" means repairs and improvements to a dwelling unit necessary to make it a decent, safe, and sanitary dwelling which meets applicable state and local building and housing standards. "Rehabilitation" may include other improvements not in excess of 20 percent of the total cost of meeting such standards, except that in the case of owner-occupied housing developments not exceeding four dwelling units, and in participating concentrated rehabilitation areas designated pursuant to Section 41550 where rehabilitation costs exceed two thousand five hundred dollars (\$2,500), other improvements may be included up to 40 percent of the total cost of meeting such standards.

41061. "Rehabilitation loan" means a loan made for rehabilitation which is not secured by a mortgage of first priority.

41062. "Rents" or "rentals" mean the charges paid by the persons and families of low or moderate income for occupancy in a housing development assisted under this division whether the housing development is operated on a landlord-tenant basis or as a cooperative.

41063. "Rules," "regulations," or "rules and regulations" mean regulations as defined in Chapter 4.5 (commencing with Section 11371) of Part 1 of Division 3 of Title 2 of the Government Code. All regulations of the department and agency shall be subject to such provisions.

41064. "Rural area" means an area outside any city, metropolitan area or urban county, as such terms are defined by Section 102 of the Federal Housing and Community Development Act of 1974 (P.L. 93-383).

41065. "State" means the State of California.

41066. "Subsidy" means any financial assistance specifically provided by a governmental agency for the benefit of persons and families of low or moderate income, which is paid to an occupant of housing financed pursuant to this part for housing costs or which reduces such occupant's housing costs "Subsidy" shall not include any benefit resulting from a loan made by the agency nor any benefit derived from the abatement of taxes levied by the state or a political subdivision thereof.

41067. "Very low income households" means (1) persons and families whose incomes do not exceed the qualifying limits for very low income families established pursuant to Section 8 of the United States Housing Act of 1937, or (2), in the event such federal standards become obsolete, persons and families whose incomes do not exceed 50 percent of the median income for the area in which the housing units in question are located, with adjustments, above and below such 50-percent figure for smaller and larger families, as determined by the agency.

## CHAPTER 3. GENERAL PROVISIONS

41080. In the event of conflict between this division and any other provision of law, the provisions of this division shall be deemed controlling. If any clause, sentence, paragraph, or section of this division is held invalid by any court of competent jurisdiction, the decision shall not affect or impair any of the remaining provisions.

41081. The Secretary of the Business and Transportation Agency shall be responsible for allocating financial aid and contributions made available directly to state government or to the agency by any agency of the United States for the purpose of subsidizing housing for persons and families of low or moderate income. The first priority for allocation of such moneys shall be subsidies for housing developments financed or to be financed by the agency.

Nothing in this division shall preclude the establishment of direct relationships between the federal government and local public entities or shall in any way alter the authority of local public entities to directly receive federal funds, nor shall anything in this division be construed to supersede or affect any other provision of law relating to the control of funds by local public entities. Further, nothing in this division shall affect the authority and obligations specified in Chapter 16 (commencing with Section 7260) of Division 7 of Title 1 of the Government Code with respect to payment of relocation assistance or prevent the receipt and disbursement of federal funds made available to any governmental agency for such purpose.

41082. To further the goals of this division and to enable the success of a statewide housing program, it is essential, and the Legislature intends, that the agency and the department shall closely coordinate their activities to assure that the goals and purposes of this division are realized.

41083. Nothing in this division, except Part 4 (commencing with Section 41800), shall be construed to authorize the creation of a debt or liability of the state within the meaning of Section 1 of Article XVI of the State Constitution.

## PART 2. DEPARTMENT OF HOUSING AND COMMUNITY DEVELOPMENT AND COMMISSION OF HOUSING AND COMMUNITY DEVELOPMENT

## CHAPTER 1 ORGANIZATION OF THE DEPARTMENT AND GENERAL POWERS

41100. The Department of Housing and Community Development is hereby continued in existence in the Business and Transportation Agency.

41101. The department shall be administered by an executive officer known as the Director of Housing and Community Development. The director shall be appointed by the Governor, subject to confirmation by the Senate, and shall hold office at the pleasure of the Governor. The director shall receive the annual salary provided for by Chapter 6 (commencing with Section 11550) of Part 1 of Division 3 of Title 2 of the Government Code.

41102. The provisions of Chapter 2 (commencing with Section 11150) of Part 1 of Division 3 of Title 2 of the Government Code

apply to the department, and the director is the head of the department within the meaning of such provisions. The director shall perform all duties, exercise all powers, discharge all responsibility, and administer and enforce all laws, rules, and regulations under the jurisdiction of the department. The director shall keep all books and records necessary for proper and efficient administration of the department.

41103. The Governor shall appoint, upon the recommendation of the director, a deputy director. The deputy director shall hold office at the pleasure of the director and shall receive a salary as shall be fixed by the director with the approval of the Department of Finance.

41104. The work of the department shall be divided into the following three divisions:

- (a) The Division of Codes and Standards
- (b) The Division of Research and Policy Development
- (c) The Division of Community Affairs.

41105. Each division shall be in the charge of a chief, under the direction of the director. The chiefs shall be appointed, upon recommendation by the director, by the Governor. Such division chiefs shall hold office at the pleasure of the director, and shall receive a salary as shall be fixed by the director with the approval of the Department of Finance

41106. For the purposes of this division, the department shall have all of the following powers:

- (a) To sue and be sued in its own name.
- (b) To have an official seal and to alter it at pleasure.
- (c) To make and execute contracts and all other instruments necessary or convenient for the exercise of its powers and functions.
- (d) To employ architects, planners, engineers, attorneys, accountants, experts in housing construction, management and finance, and such other advisers, consultants, and agents as may be necessary in its judgment for the performance of its functions and to fix their compensation in accordance with applicable law.
- (e) To provide advice, technical information, and consultative and technical services as provided in this division
- (f) To establish, revise from time to time, and charge and collect fees and charges for services provided pursuant to this division
- (g) To accept gifts or grants or loans of funds or property or financial or other aid from any federal or state agency or private source and to comply with conditions thereof not contrary to law
- (h) To enter into agreements or other transactions with any governmental agency, including an agreement for administration of a housing or community development program of the governmental agency by the department, or for administration by another governmental agency of a program of the department, either in whole or in part.
- (i) To enter such agreements and perform such acts as are necessary to obtain federal housing subsidies for use in connection with the exercise of powers and functions of the department, and to transfer such subsidies to others as required by the agreement.
- (j) To appear in its own behalf before boards, commissions, departments, or other agencies of local, state, or federal government.

(k) To establish such regional offices as deemed necessary to effectuate the department's purposes and functions.

(l) To acquire real or personal property, or any interest therein, on either a temporary or long-term basis, in its own name by gift, purchase, transfer, foreclosure, lease, option, or otherwise, including easements or other incorporeal rights in property.

(m) To do any and all things necessary to carry out its purposes and exercise the powers expressly granted by this division.

41107. The department shall be the principal state department responsible for coordinating federal-state relationships in housing and community development, except for housing finance. The department shall continually evaluate the impact upon the state of federal policies and programs affecting housing and community development and encourage full utilization of federal programs available for assisting the residents of this state, the private housing industry, and local public entities in satisfying housing and community development needs in this state.

41108. The department shall annually submit to the Governor and both houses of the Legislature:

(a) Recommendations for changes in state and federal law necessary to meet the need for housing and community development in the state.

(b) An annual report of the operations and accomplishments of the department, and of other state departments as they affect state housing and community development activities.

(c) A report containing revisions of the California Statewide Housing Plan.

#### CHAPTER 2. POLICY ACTIVITIES OF THE DEPARTMENT

41125. The department shall complete and recommend for adoption a California Statewide Housing Plan. The plan shall be developed in cooperation with the private housing industry as well as regional and local housing and planning agencies and other agencies of the state. Subsequent to environmental review and a review of consistency with other state plans by the State Office of Planning and Research, it shall be referred by the commission, together with its comments, to the Legislature for review, revision, and adoption as the California Statewide Housing Plan. Upon enactment it shall serve as a state housing plan for purposes of the Housing and Community Development Act of 1974 (P.L. 93-383).

41126. The California Statewide Housing Plan shall incorporate a statement of housing goals, policies, and objectives, as well as the following segments:

(a) An evaluation and summary of housing conditions throughout the State of California, with particular emphasis upon the availability of housing for all economic segments of the state. Such evaluation shall include an analysis of nonmetropolitan and rural areas, as defined and designated by the Bureau of the Census of the United States Department of Commerce rather than as defined in Sections 41054 and 41064, of each metropolitan area, and of each regional planning area designated by the State Office of Planning and Research or by the United States Department of Housing and Urban Development. The evaluation shall include an analysis of the existing

distribution of housing by type, size, gross rent, value, and, to the extent data is available, condition, and of the existing distribution of households by gross income, size, and ethnic character for each such area and region in such form as to present the number of rooms, gross income, household size, rent, and value cross-tabulated in a single table.

(b) Housing development goals for the 1975-76 fiscal year and projected four additional fiscal years ahead. Such goals shall be established as the minimum number of units necessary to be built or rehabilitated by July 1, 1980, in order to provide sufficient housing to house all residents of the state in standard, uncrowded units in suitable locations.

(c) Goals for the provision of housing assistance for the 1975-76 fiscal year and projected four additional fiscal years ahead. Such goals shall be established as the minimum number of households to be assisted which will result in achieving by July 1, 1980, a substantial reduction in the number of very low income households and other persons and families of low or moderate income constrained to pay more than 25 percent of their gross income for housing. Income groups to be considered in establishing such goals shall be designated by the department and shall include households, a significant number of which are required to pay more than 25 percent of their gross income for housing on the effective date of this section, as determined by the department.

(d) An identification of market constraints and obstacles and specific recommendations for their removal.

(e) An analysis of state and local housing and building codes and their enforcement. Such analysis shall include consideration of whether such codes contain sufficient flexibility to respond to new methods of construction and new materials.

(f) Recommendations for state and other public and private action which will contribute to the attainment of housing goals established for California.

41127. The department shall annually update and provide to the commission for review, comment, and submission to the Legislature, a revision of the California Statewide Housing Plan. Such proposed revision shall become effective upon enactment by the Legislature. Annual revisions proposed by the department shall contain the following segments:

(a) A comparison of the housing goals for the preceding fiscal year with the amount of construction and rehabilitation achieved and housing assistance provided in such fiscal year.

(b) A revision of the minimum housing construction and rehabilitation goals specified in subdivision (b) of Section 41126 for the preceding fiscal year, including a revision of the projected goals required by Section 41126 for the current year and projected four additional fiscal years ahead.

(c) A revision of the housing assistance goals specified in subdivision (c) of Section 41126 for the current year and projected four additional fiscal years ahead.

(d) A revision of the evaluation required by subdivision (a) of Section 41126 as new census or other survey data become available.

(e) An updating of recommendations for state action which will

facilitate the attainment of housing goals established for California.

41128. The California Statewide Housing Plan developed pursuant to Section 41125 shall provide a data base for local housing market studies and serve as a guide for local housing elements required by Section 65302 of the Government Code. It is also intended to serve as a state housing plan and provide a framework for local housing assistance plans meeting requirements of federal law.

41129. The goals and recommendations adopted for the California Statewide Housing Plan shall be published once adopted, and shall be republished as revisions are adopted. Sufficient copies shall be made available for distribution to concerned persons throughout the state.

41130. The department shall develop a statewide farmworker housing assistance plan and related policies, goals and objectives for inclusion in the California Statewide Housing Plan.

41131. The department shall collect, publish, and make available to the public without charge, information about federal, state, and local laws regarding housing and community development. The department may provide a statistics and research service for the collection and dissemination of information affecting housing and community development.

41132. The department shall develop specifications for the structure, functions, and organization of a housing and community development information system for this state. Such system shall include statistical, demographic, and community development data which will be of assistance to local public entities in the planning and implementation of housing and community development programs.

The department shall, subject to the availability of moneys therefor, establish prototype housing and community development information systems in two or more counties or multiple-county areas. The department shall operate the prototype systems, or it may contract with one or more counties, or with one or more counties and one or more cities, an Indian reservation or Indian organization, or with a regional agency including one or more counties for operation of one or more prototype systems, and shall report to the Legislature thereon.

41133. The department shall assist and advise the Council on Intergovernmental Relations, or its successor, on the performance of functions specified in Sections 34212, 34213, and 34214 of the Government Code.

41134. The department shall adopt guidelines for the preparation of housing elements required by Section 65302 of the Government Code. The guidelines initially adopted shall conform as nearly as possible to the guidelines adopted by the commission on June 17, 1971, and shall be adopted in accordance with the provisions of Chapter 4.5 (commencing with Section 11371) of Part 1 of Division 3 of Title 2 of the Government Code. After consultation with the State Office of Planning and Research, the department may, from time to time, revise such guidelines.

The department may, upon request, review local housing elements for conformity with the requirements of Section 65302 of the Government Code and guidelines adopted pursuant thereto, and

report its findings. The department may, in connection with any loan or grant application submitted to the agency, require submission to it for review of any local housing assistance plan adopted pursuant to provisions of the Housing and Community Development Act of 1974 (P.L. 93-383).

41135. The department shall adopt guidelines relating to relocation assistance by public entities pursuant to the provisions of Chapter 16 (commencing with Section 7260) of Division 7 of Title 1 of the Government Code. The department may provide consulting and technical assistance to public entities in drafting and amending rules and regulations relating to relocation assistance pursuant to subdivision (e) of Section 7268 of the Government Code. The department may require public entities to reimburse the department for such assistance as the department provides.

41136. The department shall issue guidelines for the preparation of affirmative plans by local public entities pursuant to Section 65008 of the Government Code.

41137. The department may initiate, develop, and propose regulations for adoption by the agency and review regulations proposed by the board prior to their taking effect, with respect to the following:

(a) Standards for affirmative marketing programs of housing sponsors seeking financial assistance from the agency.

(b) Criteria for certifying that the sale or conveyance of real property will primarily benefit persons and families of low or moderate income living in a housing development.

(c) Regulations permitting grants to be made by the agency to housing sponsors for the purpose of attaining affordable rents in housing developments financed by the agency. Such grants shall not be made with moneys derived from the sale of bonds.

(d) Regulations governing payments, procedures, and eligibility for relocation assistance for individuals and families displaced by actions of the agency or of housing sponsors of housing developments.

(e) Criteria for qualification of persons, families, and households as persons and families of low or moderate income or very low income households

(f) Regulations establishing the maximum percentage of income which may be paid by persons and families of low or moderate income for rent within the meaning of the term affordable rent, as defined in Section 41023.

(g) Regulations designating broad geographical areas of need on a statewide basis for housing construction or rehabilitation, as identified in the California Statewide Housing Plan, the financing of existing housing, or identifiable types of households with particularly severe housing needs, or establishing priority criteria for the selection of homes and projects to be financed as housing developments.

(h) Criteria for inclusion of nonhousing facilities in housing developments financed by the agency.

Regulations proposed by the agency in such areas of responsibility shall not take effect without concurrence of the director, the Secretary of the Business and Transportation Agency, or a

representative of the secretary specifically designated for such review and approval.

41138. The department may certify local housing agents, and may periodically review, recertify, and decertify such local housing agents as provided in Section 41512.

### CHAPTER 3. ASSISTANCE ACTIVITIES OF THE DEPARTMENT

41160. The department may, upon receipt of a request of a local public entity, provide advisory assistance or staffing for development of new and rehabilitated housing for persons and families of low or moderate income, the elderly, and persons displaced by governmental action, and in the development of programs to correct or eliminate blight and deterioration and to effect community development or redevelopment.

The department may contract with a local public entity to provide any necessary staff services associated with, or required by, a local public entity and which could be performed by the staff of a redevelopment agency or housing authority.

The department may provide technical assistance in developing housing for students and faculty of universities and colleges upon the request of a potential housing sponsor, or at the request of the governing board or other agency of a university or college.

41161. The department may furnish counseling and guidance services to aid any governmental agency or any private or nonprofit organization or persons in securing the financial aid or cooperation of governmental agencies in the undertaking, construction, maintenance, operation, or financing of housing for Indians, farm laborers and their families, persons and families displaced by action of any state or local public entity, workers engaged in cutting, processing, milling, handling, or shipping lumber or lumber products, the families of such workers, the elderly and handicapped, and persons and families of low or moderate income. The department may contract for or sponsor, subject to the availability of federal funds, experimental or demonstration projects for permanently fixed or mobile housing designed to meet the special needs of agricultural workers, persons displaced by action of any local public entity, the handicapped, the elderly, Indians, and persons and families of low or moderate income. Such contracts or sponsorship agreements may be between the department and local public entities, private enterprise, or nonprofit organizations.

41162. The department shall encourage research and demonstration projects to develop new and better techniques, including techniques of rehabilitation, for increasing the quality and supply of housing for persons and families of low or moderate income and may make grants or loans, with or without interest, in connection therewith.

41163. The department may adopt rules and regulations establishing a mutual self-help housing technical assistance program providing grants to nonprofit housing sponsors for carrying out programs of technical and supervisory assistance to aid persons and families of low or moderate income develop mutual self-help housing

41164. The department may make grants to nonprofit housing



sponsors and local public entities for operating, administrative, and other expenses of planning, constructing, rehabilitating, and operating assisted housing and may make grants to housing sponsors for the benefit of residents of assisted housing in order to achieve lower rentals for some or all of the units within the assisted housing. Such grants shall not be made with moneys derived from the sale of bonds.

41165. The department may enter into agreements to provide staffing to assist the Farmers Home Administration of the United States Department of Agriculture in the conduct of federal loan and grant programs for the provision of housing for persons and families of low or moderate income in this state.

41166. The department may conduct programs of rental subsidies for tenants of existing housing pursuant to Section 8 of the United States Housing Act of 1937, but may not participate in any competitive application process for operation of an existing housing program in a geographic area which includes a local public entity that has notified the department of its intention to apply. However, in conducting subsidy programs pursuant to this section, the department shall not operate housing developments or engage in the purchase, lease, or sublease of housing developments.

41167. The department may, upon request by a local public entity, provide technical assistance or staffing for the purpose of developing applications and plans for community development funding pursuant to the Housing and Community Development Act of 1974 (P.L. 93-383).

41168. The department shall endeavor to obtain community development funds available under Title I of the Housing and Community Development Act of 1974 (P.L. 93-383). The department may, if federal funds are available, conduct an innovative neighborhood preservation program in cooperation with a local public entity.

41169. The department may provide technical assistance to any public entity or public utility undertaking construction, maintenance, operation, or financing of replacement housing designed for persons displaced because of the acquisition or clearance of real property for public purposes.

41170. Subject to appropriation by the Legislature, the department shall develop and implement demonstration subsidy programs to test the effectiveness of one or more housing subsidy programs for very low income households. Such programs may include housing allowance payments, homeownership downpayment assistance, homeownership interest subsidy, leased housing subleased to very low income households, rent supplement payments on behalf of very low income households, or other types of subsidy programs.

41171. The department may provide potential housing sponsors and persons and families of low or moderate income such advisory consultative training and educational services as will assist them to become owners or tenants of housing financed under this division. Such training and services may include but are not limited to, technical and professional planning assistance, the preparation and promulgation of organizational planning and development outlines

and guides, consultation services, training courses, seminars and lectures, the preparation and dissemination of newsletters and other printed materials, and the services of field representatives.

The department shall, subject to appropriation by the Legislature, establish a program of such home management training for persons and families of low or moderate income who are occupants or potential occupants of assisted housing.

The department may provide potential housing sponsors of multiple-unit housing developments with advisory consultative training and educational services in the management of housing.

41172. The department may provide technical assistance and aid to governmental agencies and housing sponsors for the purpose of providing the benefits of assisted housing to very low income households in which the head of household has been previously confined to institutional care.

41173. The department may provide comprehensive technical assistance to tribal housing authorities, housing sponsors, and governmental agencies on reservations, rancherias, and on public domain to facilitate the planning and orderly development of suitable, decent, safe, and sanitary housing for American Indians residing in such areas. Such assistance may include technical assistance in land use planning, natural and environmental resource planning, and economic resource planning. Upon request of the governing body of a reservation or rancheria, the department may act on behalf of the tribal housing authority and perform the functions thereof and for such purpose shall have all the powers granted to housing authorities by Part 2 (commencing with Section 34200) of Division 13.

#### CHAPTER 4. ORGANIZATION OF THE COMMISSION

41200. There is hereby continued in existence in state government the Commission of Housing and Community Development, which shall consist of nine members

41201. The members shall be appointed by the Governor for four-year terms, subject to confirmation by the State Senate Members in office on the effective date of this division shall continue to hold office until the expiration of their terms, unless removed pursuant to Section 41202 or any other provision of law.

The term of an appointment to fill any vacancy created prior to the expiration of a term shall be for the unexpired term only. Each member shall continue to hold office after the expiration of his term until a successor has been appointed and qualified.

41202. The Governor has power to remove from office at any time, any members of the commission for continued neglect of duties required by law, or for incompetence, or dishonorable conduct. Nothing in this section shall be construed as a limitation or restriction on the power of the Governor, conferred on him by any other provision of law, to remove any member of the commission

41203. The chairman of the commission shall be designated by the Governor from among the members and shall serve as chairman at the pleasure of the Governor.

41204. Each commission member shall receive a per diem of fifty dollars (\$50) for each day actually spent in the discharge of official

duties, and each shall be reimbursed for his traveling and other expenses necessarily incurred in the performance of his duties.

41205. The commission shall meet quarterly and at such other times and places as the commission may designate, for the purpose of transacting its business. Special meetings may be held at such times as the commission may elect, or on the call of the chairman of the commission, or on call of not less than four members thereof. The written notice of the time, place and object of such special meeting shall be made by the secretary to all the members not parties to the call, at least 15 days before the day of the meeting.

41206. The Director of Housing and Community Development shall serve as secretary of the commission and as such shall keep the minutes and records of all commission proceedings.

41207. The commission shall establish the policy for the Department of Housing and Community Development.

41208. The commission shall prepare and adopt such minimum standards regulating the use and application of cellular concrete as it determines are reasonably necessary for the protection of life and property.

41209. Except where the department is specifically vested by this part with authority to adopt rules and regulations, the commission may adopt, amend, and repeal rules and regulations reasonably necessary to carry out the provisions of this part. Any rules and regulations of the commission in effect on the effective date of this division shall remain in effect until amended or repealed.

### PART 3. CALIFORNIA HOUSING FINANCE AGENCY

#### CHAPTER 1. ORGANIZATION

41300. The California Housing Finance Agency is hereby created in the Business and Transportation Agency.

41301. The agency shall be administered by a board of directors consisting of 11 voting members, including a chairperson, the State Treasurer, the Secretary of the Business and Transportation Agency, and the Director of Housing and Community Development, or their designees, and seven members appointed by the Governor. The Director of Finance, the Director of State Planning and Research, and the president of the agency shall serve as nonvoting, ex officio members of the board.

41302. Members of the board appointed by the Governor shall be able persons broadly reflective of the economic, cultural, and social diversity of the state, including ethnic minorities and women. However, it is not intended that formulas or specific ratios be applied in order to achieve such diversity. Of the members appointed by the Governor, one shall be an elected official of a city or county engaged in the planning or implementation of a housing, housing assistance, redevelopment, or housing-rehabilitation program; one shall be presently in residential real estate in the savings and loan, mortgage banking, or commercial banking industry, one shall be a builder of residential housing; one shall be presently in organized labor of the residential construction industry; and one shall be presently in the management of rental housing occupied by lower-income households. The Senate Rules Committee and the Speaker of the

Assembly shall each appoint a tenant living in rental housing financed by the agency or a person experienced in counseling, assisting, or representing tenants. The terms of the members initially appointed by the Governor, the Senate Rules Committee, and the Speaker of the Assembly shall be as follows:

(a) An elected official of a city or county engaged in the planning or implementation of a housing, housing-assistance, redevelopment, or housing-rehabilitation program—two years.

(b) Member presently in residential real estate in the savings and loan, mortgage banking or commercial banking industry—four years appointed by the Governor.

(c) Member who is a builder of residential housing—six years appointed by the Governor.

(d) Member presently in organized labor of the residential construction industry—two years.

(e) Member presently in the management of rental housing occupied by lower-income households—four years appointed by the Governor.

(f) Member appointed by the Speaker of the Assembly who is a tenant living in rental housing financed by the agency or is experienced in counseling, assisting, or representing tenants—six years.

(g) Member appointed by the Senate Rules Committee who is a tenant living in rental housing financed by the agency or is experienced in counseling, assisting, or representing tenants—two years.

The term of any member of the board appointed by the Governor to serve subsequent to the expiration of such an initial term shall be six years. Any person appointed to fill a vacancy on the board shall serve only for the remainder of the unexpired term. Successors to initially appointed members specified in subdivisions (f) and (g) shall be tenants living in rental housing financed by the agency, if any exists. Members of the board shall, subject to continued qualification, be eligible for reappointment. If a member of the board ceases to meet the qualifications specified in this section, his membership on the board shall be terminated.

41303. All members of the board appointed by the Governor shall be confirmed by the Senate before taking office.

41304. The representation of varied interest groups on the board shall be deemed essential to obtain information for the development of policy and decisions of the board. It shall not be a conflict of interest for an official of any local public entity or a tenant of any housing development, or a director, officer, stockholder, or employee of any savings and loan institution, investment banking firm, brokerage firm, commercial bank or trust company, architectural firm, insurance company, labor union, or any other person, association, or corporation to serve as a member of the board. When present at a meeting of the board, a board member shall be legally required to participate in the deliberations within the meaning of Section 87101 of the Government Code. If any board member has a financial interest, such interest shall be disclosed as a matter of official public record and shall be described with particularity before the board member acts or participates in any

way in deliberations affecting such interests. Knowing or willful violation of the disclosure requirements of this section shall constitute a misdemeanor under Section 91000 of the Government Code. Pursuant to Section 91000, fines may be imposed for any such violation.

No board member of the agency may, however, vote on any matter in which the member has a financial interest.

Violations of this section shall constitute grounds for disqualification from office as a board member.

41305. (a) Except for the member specified in subdivision (a) of Section 41302 in his capacity as an official of a city or county, no member of the board and no officer or employee of the agency shall be employed by, hold any paid official relation to, or have any financial interest in, any housing sponsor or any housing development financed or assisted under this part. No real property to which a member of the board or an officer or employee of the agency holds legal title or in which such person has any financial interest shall be purchased by the agency or sold by such member of the board or officer or employee of the agency to a housing sponsor for a housing development to be financed under this part.

Any violation of this section shall be a conflict of interest which shall be grounds for disqualification of the member from the board or the officer or employee of the agency from his office or employment with the board or agency.

(b) Except as provided by subdivision (c), the following actions shall be voidable in the discretion of the agency:

(1) Any purchase by the agency of real property in which a member of the board or an officer or employee of the agency has legal title or a financial interest

(2) Any commitment by the agency to provide financial assistance to a housing sponsor in which a member of the board or officer or employee of the agency is employed, holds any official relation, or has any financial interest.

(3) Any commitment by the agency to provide financial assistance to a housing sponsor to which real property has been or is transferred for a housing development to be financed under this part, if a member of the board or officer or employee of the agency has or has had legal title or any financial interest in such real property.

(c) Any commitment by the agency to provide financial assistance under the circumstances specified in paragraph (2) or (3) of subdivision (b) shall not be voidable following release of the funds, but shall be grounds for acceleration of the loan or prospective termination of a contract of financial assistance.

41306. Board members shall be removable solely for cause.

41307. The board shall appoint a chairperson, subject to the approval of the Secretary of the Business and Transportation Agency, who when present, shall preside at meetings of the board. The term of the chairperson shall be five years

41308. The board shall appoint a president, subject to the approval of the Secretary of the Business and Transportation Agency, who shall serve as the chief executive officer of the agency and shall, subject solely to supervision by the board, administer and direct the

day-to-day operations of the agency. The board shall from time to time determine the total number of authorized employees within the agency. The board shall determine the salaries of those employees of the agency whose salaries are not paid from moneys appropriated to the agency from the General Fund, other than moneys appropriated by the act enacting this division.

41309. The compensation of the president shall be established by the board in such amounts as are reasonably necessary, in the discretion of the board, to attract and hold persons of superior qualifications. However, the salary of the president shall not exceed the maximum authorized salary for the Secretary of the Business and Transportation Agency. Members of the board shall not receive a salary but shall be entitled to a per diem allowance of fifty dollars (\$50) for each day's attendance at a meeting of the board, not to exceed three hundred dollars (\$300) in any month, and reimbursement for expenses incurred in the performance of their duties under this part, including travel and other necessary expenses.

41310. The president may from time to time employ technical experts and such other employees as may, in his judgment, be necessary for the conduct of the business of the agency.

41311. Notwithstanding the provisions of Sections 11042 and 11043 of the Government Code, the president may employ as attorney to the agency an attorney at law licensed in this state. The attorney shall advise the board, the chairperson, and the president, when so requested, with regard to all matters in connection with the powers and duties of the agency and the board members and officers thereof. The attorney shall perform all duties and services as attorney to the agency which the agency may require of him.

However, except as provided in Section 11040 of the Government Code, the Attorney General shall represent and appear for the people of the State of California and the agency in all court proceedings involving any question under this division or any order or act of the agency.

41311.5 The Executive Secretary of the Housing Bond Credit Committee created pursuant to Section 41707 shall serve as the executive vice president of the agency and in such capacity shall be directly responsible to the president. The executive vice president shall provide liaison between the agency and the Housing Bond Credit Committee and shall perform such other duties as may be required by the president or the board. The agency shall reimburse the Housing Bond Credit Committee for any compensation paid by the committee to the executive secretary. The salary of the executive vice president of the agency shall not exceed the salary of the president.

41312. The president shall, in consultation with the Secretary of the Business and Transportation Agency, prepare an annual budget, which the chairperson shall present for adoption to the board of directors with his comments.

41313. The board shall approve the sale of obligations or securities and other major contractual agreements and debt obligations. Any other contractual agreements or debt obligations may be approved by the president pursuant to regulations of the board.

41314 The principal offices of the agency shall be located in the City of Sacramento.

#### CHAPTER 2. PURPOSES AND GENERAL PROVISIONS

41331. The primary purpose of the agency shall be to meet the housing needs of persons and families of low or moderate income.

41332. In addition to its primary purpose, the agency shall also seek to attain the following:

(a) Housing developments which meet the housing needs of very low income households by providing that, subject to the availability of subsidies, not less than 30 percent of the units financed by the agency shall be made available on a priority basis to very low income households. The agency shall make every effort to obtain subsidy funds, so that not less than 30 percent of the total number of the following types of units financed by the agency at any time shall be available to very low income households at affordable rents:

(1) All units within housing developments that have received a mortgage loan from the agency not including units within housing developments that have received only a development loan or construction loan except for housing developments expected to receive a mortgage loan from the agency and for which subsidies have been reserved which will enable units within them, upon completion, to be rented to very low income households.

(2) Units improved with a rehabilitation loan from the agency in the proportion which the average dollar amount of loan assistance received by each such unit bears to the average dollar amount of loan assistance received per unit by all units specified in paragraph (1) which are financed during the preceding 12-month period.

(b) Housing developments providing a socially harmonious environment by meeting the housing needs of both very low income households and other persons and families of low or moderate income and by avoidance of concentration of very low income households that may lead to deterioration of a development.

(c) Emphasis on housing developments of superior design, appropriate scale and amenities, and on sites convenient to areas of employment, shopping, and public facilities

(d) Increasing the range of housing choice for minority and low-income persons, rather than maintaining or increasing the impact of low-income areas, and cooperation in implementation of local and areawide housing allocation plans adopted by cities, counties, and joint powers entities made up of counties and cities.

(e) Identification of areas of low-vacancy rates where construction is needed, of areas of substandard housing where rehabilitation is needed, and of areas of credit shortage where financing is needed for transfer of existing housing, so as to maximize the impact of financing activities on employment, reduction of housing costs, and maintenance of local economic activity

(f) A balance between metropolitan, nonmetropolitan, and rural housing developments, and between family housing and housing for the elderly and handicapped, in general proportion to the needs identified in the statewide housing plan.

(g) Minimization of fees and profit allowances of housing sponsors so far as consistent with acceptable performance, in order to

maximize the benefit to persons and families of low or moderate income occupying units financed by the agency.

(h) Full utilization of federal subsidy assistance for the benefit of persons and families of low or moderate income.

(i) Full cooperation and coordination with the local government agencies of the state in meeting the housing needs of cities, counties, cities and counties and Indian reservations on a level of government that is as close as possible to the people it serves.

(j) To promote the recovery and growth of economically depressed businesses located in areas of minority concentration and in mortgage deficient areas.

41333. No provision of this part shall be construed as a restriction or limitation upon any powers which the agency or any local public entity might otherwise have under any laws of this state, and this part is cumulative with respect to any such powers. This part shall be construed to provide a complete, additional, and alternative method for the doing of the things authorized thereby and shall be regarded as supplemental and additional to powers conferred by other laws. However, except as expressly specified in this part, the issuance of bonds of the agency need not comply with requirements not contained in this part which are applicable to the issuance of bonds. No proceedings, notices, or approval shall be required for the issuance of any bonds or any instrument given as security therefor, except as provided in this part. Contracts for the construction and acquisition of any housing developments undertaken pursuant to this part need not comply with the provisions of any other state law applicable to contracts for the construction and acquisition of state-owned property. However, the agency shall adopt regulations for review of construction contracts to which a housing sponsor is a party. The agency shall require that construction financed by a construction loan from the agency on housing developments other than mutual self-help housing not less than the general prevailing rate of per diem wages for work of a similar character in the locality in which the construction is performed, and not less than the general prevailing rate of per diem wages for holiday and overtime work, shall be paid to all workmen employed in such construction exclusive of maintenance work. The agency shall determine or require determination of the general prevailing rate of per diem wages in accordance with the standards set forth in Section 1773 of the Labor Code. Apprentices shall be employed in the construction of housing developments in accordance with the regulations of the agency, which shall impose the same requirements as contained in Section 1777.5 of the Labor Code, except as to differences necessitated by the methods of awarding construction contracts for housing developments financed under this division.

41334. The exercise of the powers specified in this division will be in all respects for the benefit of the people of the state, for their well-being and prosperity, and for the improvement of their social and economic conditions, and the agency shall not be required to pay any tax or assessment on any property, other than a housing development, owned by the agency under the provisions of this division or upon the income therefrom. Any bonds issued by the agency under the provisions of this division, their transfer, and the



income therefrom shall at all times be free from taxation by the state or any political subdivision or other instrumentality of the state, excepting inheritance and gift taxes.

41335 The agency and every housing sponsor shall require that occupancy of housing developments assisted under this part shall be open to all regardless of race, sex, marital status, color religion, national origin, or ancestry, that contractors and subcontractors engaged in the construction of housing developments shall provide an equal opportunity for employment, without discrimination as to race, marital status, sex, color, religion, national origin, or ancestry, and that such contractors and subcontractors shall submit and receive approval of an affirmative action program prior to the commencement of construction or rehabilitation. Affirmative action requirements respecting apprenticeship shall be consistent with Chapter 4 (commencing with Section 3070) of Division 3 of the Labor Code.

All contracts for the management, construction, or rehabilitation of housing developments, and contracts let by housing sponsors, contractors, and subcontractors in the performance of such management, construction, or rehabilitation, shall be let without discrimination as to race, sex, marital status, color, religion, national origin, or ancestry and pursuant to an affirmative action program which shall be at not less than the federal affirmative action standards unless the board makes a specific finding that the requirement would be unworkable. The agency shall periodically review implementation of affirmative action programs required by this section.

It shall be the policy of the agency and housing sponsors to encourage participation in all projects by minority developers, builders, and entrepreneurs in all levels of construction, planning, financing, and management of housing developments. In areas of minority concentration the agency shall require significant participation of minorities in the sponsorship, construction, planning, financing, and management of housing developments. The agency shall (1) require that, to the greatest extent feasible, opportunities for training and employment arising in connection with the planning, construction, rehabilitation, and operation of housing developments financed pursuant to this part be given to persons of low income residing in the area of such housing, and (2) require that, to the greatest extent feasible, contracts for work to be performed in connection with such housing developments shall, where appropriate, be awarded to business concerns (including, but not limited to, individuals or firms doing business in the field of design, architecture, building construction, rehabilitation, maintenance, or repair) located in, or owned in substantial part by, persons residing in, the area of such housing. In order to achieve the purposes of this section, the agency may waive bond requirements and retention requirements otherwise imposed upon contractors or subcontractors by regulation of the agency and may authorize or make advance payments for work to be performed. The agency shall adopt rules and regulations to implement the provisions of this section.

Prior to commitment of financing, the agency shall require each housing sponsor who is not a person or family of low or moderate

income and who constructs or rehabilitates a housing development that is not mutual self-help housing, to submit an affirmative marketing program which meets standards set forth in regulations of the agency. The agency shall require such a housing sponsor to conduct the affirmative marketing program so approved. Additionally, the agency shall supplement the efforts of individual housing sponsors by conducting affirmative marketing programs with respect to such housing at the state level.

41336. It shall be the policy of the agency to coordinate its activities with the department. It shall be the policy of the agency to conduct its operations so as to be fiscally self-sufficient and so as not to require appropriations from the General Fund for payment of its administrative costs.

41337. No development or construction loan shall be made pursuant to this part if the agency determines that the making of such a loan would result in the permanent loss of a subsidy or a reduction in future subsidies due to the failure of the agency to use currently available subsidies.

41338. Loans made pursuant to this part to housing sponsors, other than nonprofit housing sponsors, of rental housing developments shall not exceed 95 percent of the development costs of the housing development for which the loan is made. Loans made pursuant to this part to nonprofit housing sponsors shall not exceed 98 percent of development costs unless (1) the nonprofit housing sponsor has or will participate in the housing development with another housing sponsor which has a significant past record of successful residential development and not less than 20 percent nor more than 25 percent of the units in such housing development will be occupied by very low income households, or (2) the housing development will be designed for occupancy by elderly or handicapped households and not less than 20 percent of the units in such housing development will be occupied by very low income households, or (3) the nonprofit housing sponsor's past activities in residential development have been limited by exclusionary or discriminatory lending policies or practices of the mortgage-finance industry or government mortgage programs.

41339. This division is intended to benefit low- and moderate-income purchasers and residents of housing developments and shall be liberally construed to allow such persons to initiate civil actions and to enforce rights, duties, and benefits under this division and regulations adopted under this division.

### CHAPTER 3 FINANCIAL PROVISIONS

41360. (a) The California Housing Finance Fund is hereby created in the State Treasury.

(b) Except as provided in subdivision (c), all money in the fund is hereby continuously appropriated to the agency for the purpose of financing housing developments pursuant to this part and for servicing or retiring bonds issued pursuant to Chapter 7 (commencing with Section 41700) of this part. The application of moneys available under such continuous appropriation shall not be subject to the supervision or budgetary approval of any other officer or division of state government, notwithstanding the provisions of

Chapter 2 (commencing with Section 12850) of Part 2.5 of Division 3 of Title 2 of the Government Code or the provisions of Article 2 (commencing with Section 13320) of Chapter 3 of Part 3 of such division deposits shall be made in a manner approximating the relative extent of their participation as qualified mortgage lenders. However, such allocations shall not be required to the extent that they would result in receipt by the agency of a deposit interest rate that is lower than the highest interest rate available from another institution qualified to receive such deposits. Notwithstanding any other provision in this section, in the fund as security for payment of the principal of, and interest on, bonds issued pursuant to this part, and, for such purpose or as necessary or convenient to the accomplishment of any other purpose of the agency, may divide the fund into separate accounts. All moneys accruing to the agency from whatever source shall be deposited in the fund.

41361. Pursuant to any agreements with the holders of particular bonds pledging any particular assets, revenues, or moneys, the agency may create separate accounts in the fund to manage assets, revenues, or moneys in the manner set forth in such agreements.

41362. Subject to modification of any agreement with bondholders, revenue derived from principal and interest from mortgage loans shall be deposited in a special account, which shall be used exclusively for the amortization of debt and the protection of the underlying security.

41363. The agency shall from time to time direct the State Treasurer to invest moneys in the fund which are not required for its current needs, including proceeds from the sale of any bonds, in such eligible securities specified in Section 16430 of the Government Code as the agency shall designate. The agency may direct the State Treasurer to deposit moneys in the fund in interest-bearing accounts in state or national banks or savings and loan associations having principal offices in this state. To the extent public moneys are permitted by law to be deposited in savings and loan associations, the agency shall direct the State Treasurer to make such deposits based on the agency's allocations of moneys between banks and savings and loan associations. Such deposits shall be made in a manner approximating the relative extent of their participation as qualified mortgage lenders. However, such allocations shall not be required to the extent that they would result in receipt by the agency of a deposit interest rate that is lower than the highest interest rate available from another institution qualified to receive such deposits. Notwithstanding any other provision in this section, construction-loan funds may be transferred to the construction lender as necessary to meet draws for progress payments.

As an alternative to depositing moneys in the fund in banks or savings and loan associations, the agency may require the transfer of moneys in the fund to the Surplus Money Investment Fund for investment pursuant to Article 4 (commencing with Section 16470) of Chapter 3, Part 2, Division 4, Title 2 of the Government Code.

All interest or other increment resulting from such investment shall be deposited in the fund, notwithstanding Section 16305.7 of the Government Code. Moneys in the fund shall not be subject to transfer to any other fund pursuant to any provision of Part 2

(commencing with Section 16300) of Division 4 of Title 2 of the Government Code, excepting the Surplus Money Investment Fund if the alternative authorized by this section is chosen.

41364. The agency is authorized to utilize such moneys as may be appropriated to the fund from time to time by the Legislature for effectuating its purposes, including, but not limited to, the payment of the initial expenses of administration and operation and the establishment of reserves or contingency funds to be available for the payment of the principal of, and the interest on, any bonds of the agency.

41365. The agency shall, within 90 days following the close of each fiscal year, submit an annual report of its activities for the preceding year to the Governor, the Secretary of the Business and Transportation Agency, the Director of Housing and Community Development, the State Treasurer, and the Legislature. Within 90 days following the close of each fiscal year, the agency shall also submit an annual report to the Joint Legislative Audit Committee and the Joint Legislative Budget Committee. Each such report shall set forth a complete operating and financial statement of the agency during the concluded fiscal year. The report shall specify the number of units assisted, the distribution of units among the metropolitan, nonmetropolitan, and rural areas of the state, and shall contain a summary of statistical data relative to the incomes of households occupying assisted units, the monthly rentals charged to occupants of rental housing developments, and the sales prices of housing developments purchased during the previous fiscal year by housing sponsors who are persons or families of low or moderate income. The report shall also include a statement of accomplishment during the previous year with respect to the agency's progress, priorities, and affirmative action efforts. The agency shall specifically include in its report on affirmative action goals statistical data on the numbers and percentages of minority sponsors, developers, contractors, subcontractors, suppliers, architects, engineers, attorneys, mortgage bankers or other lenders, insurance agents and managing agents. The agency shall cause an audit of its books and accounts to be made at least once during each fiscal year by an independent certified public accountant, and the agency shall be subject to audit by the Department of Finance not more often than once each fiscal year.

Within 90 days following receipt of the agency's annual report, the Joint Legislative Audit Committee and the Joint Legislative Budget Committee shall submit a report on the agency's activities to the Legislature.

41366. All moneys declared by the agency to be surplus moneys which are not required to service or retire bonds issued on behalf of the agency, pay administrative expenses of the agency, accumulate necessary operating or loss reserves, or repay loans to the agency from the General Fund shall be used by the agency, with respect to existing housing developments, to provide special interest reduction programs, subsidies for housing developments or occupants or owners thereof, or counseling programs, as authorized by this division.

## CHAPTER 4. GENERAL POWERS

41385. The agency shall have all of the following powers:

- (a) To sue and be sued in its own name.
- (b) To have an official seal and to alter the same at pleasure.
- (c) To have perpetual succession.
- (d) To maintain offices at such place or places within the state as it may designate.

(e) To adopt, and from time to time amend and repeal, by action of the board, rules and regulations, not inconsistent with the provisions of this part, to carry into effect the powers and purposes of the agency and the conduct of its business. Rules and regulations of the agency shall be adopted, amended, repealed, and published in accordance with the provisions of Chapter 4.5 (commencing with Section 11371) of Part 1 of Division 3 of Title 2 of the Government Code. With respect to regulations in areas specified in Section 41137, the agency may propose regulations, but such regulations shall become effective only upon concurrence of the Secretary of the Business and Transportation Agency, or his designated representative, or the Director of Housing and Community Development.

(f) To make and execute contracts and all other instruments necessary or convenient for the exercise of its powers and functions under this part with any governmental agency, private corporation or other entity, or individual, and to contract with any local public entity for processing of, any aspect of financing housing developments.

(g) To acquire real or personal property, or any interest therein, on either a temporary or long-term basis in its own name by gift, purchase, transfer, foreclosure, lease, option, or otherwise, including easements or other incorporeal rights in property.

(h) To hold, sell, assign, lease, encumber, mortgage, or otherwise dispose of any real or personal property or any interest therein; to hold, sell, assign, or otherwise dispose of any mortgage interest owned by it, under its control or custody, or in its possession; and, as applicable, to do any of the acts specified in this subdivision by public or private sale, with or without public bidding, notwithstanding any other provision of law.

(i) To release or relinquish any right, title, claim, lien, interest, easement, or demand however acquired, including any equity or right of redemption in property foreclosed by it.

(j) To determine the terms and conditions of any mortgage instrument, deed of trust, or promissory note used or executed in conjunction with the financing of any housing development.

(k) To employ architects, engineers, attorneys, accountants, housing construction and financial experts, and such other advisers, consultants, and agents as may be necessary in its judgment and to fix their compensation.

(l) To provide advice, technical information, and consultative and technical service in connection with the financing of housing developments pursuant to this part.

(m) To procure insurance against any loss in connection with its property and other assets, including mortgages and mortgage loans,

in such amounts and from such insurers as it deems desirable.

(n) To establish, revise from time to time, and charge and collect fees and charges in connection with loans made by the agency.

(o) To borrow money and issue bonds, as provided in this part.

(p) To enter such agreements and perform such acts as are necessary to obtain federal housing subsidies for use in connection with housing developments.

(q) To do any and all things necessary to carry out its purposes and exercise the powers expressly granted by this part.

41386. The agency shall be a state representative for purposes of receiving and allocating financial aid and contributions from agencies of the federal government which are provided to the state or to the agency for the purpose of subsidizing housing for persons and families of low or moderate income and may utilize federal subsidies available to it in providing housing for persons and families of low or moderate income or for exercising any other of its powers. The agency shall have priority among all other units of state government for receipt of federal housing subsidies to the extent units financed under this part are eligible for such assistance.

41387. The agency may provide staffing for the Farmers Home Administration of the United States Department of Agriculture for the purpose of assisting such agency in the conduct of federal loan and grant programs for the provision of housing for persons and families of low or moderate income in this state. Staffing under this section shall only be paid for out of loan fees, federal grants, or state money appropriated for the purpose

41388. The agency may make and execute contracts with qualified mortgage lenders for the initiation or servicing of mortgage loans, construction loans, or development loans made or acquired by the agency pursuant to this part or for other services rendered to the agency. The agency may pay the reasonable value of services rendered to the agency pursuant to such contracts.

41389. The agency may make or undertake commitments to make development loans, construction loans, mortgage loans to housing sponsors to finance housing developments, as provided in Chapter 5 (commencing with Section 41450) of this part.

41390. The agency may purchase and sell construction loan obligations, rehabilitation loan obligations, and mortgage loan obligations as provided in this part

41391. Prior to the commitment of moneys under this part for the financing of a housing development as provided in Articles 1 to 4 inclusive, of Chapter 5 (commencing with Section 41450) of this part, the agency shall take adequate measures to assure (a) the economic feasibility of the housing development, (b) the financial eligibility of the housing sponsors and tenants, (c) the consistency of the proposed housing development with the current housing objectives of the agency, and (d) the sufficiency of access of the housing development to supporting social services, transportation, schools, employment, and retail merchants. Wherever possible the agency shall verify such facts before financing is committed.

41392. (a) The agency may renegotiate, refinance, foreclose, or contract for the foreclosure of, any mortgage in default and may waive any default or consent to the modification of the terms of any

mortgage. With respect to housing developments, the agency shall require that mortgage servicing and foreclosure practices, including forbearance and recasting of mortgages in default, conform to agency regulations.

(b) The agency may commence any action to protect or enforce any right conferred upon it by any law, mortgage, contract, or other agreement and may bid for and purchase property sold in satisfaction thereof at any foreclosure or other sale or may otherwise acquire and take possession of such property. Subject to any agreement with bondholders, the agency may operate, manage, lease, dispose of, and otherwise deal with such property in such manner as may be necessary to protect the interest of the agency and the holders of its bonds

41393. The agency may procure insurance or coinsurance or guarantees from the federal government or from any governmental agency or instrumentality thereof, or from any private insurance company, of the payment of principal and interest on any bonds issued by the agency. The agency may pay premiums on any such insurance.

41394. The agency may, for services performed, charge and collect from housing sponsors and qualified mortgage lenders such fees and charges for the purpose of defraying administrative and other expenses as the agency may establish from time to time for its lending and mortgage-purchase programs

41395. The agency may sell or convey real property owned by the agency to nonprofit housing sponsors and local public entities. Such sale or conveyance may be without consideration if the agency received the property upon condition that it be so conveyed or sold and if such sale or conveyance will inure primarily to the benefit of persons and families of low or moderate income living in a housing development.

41396. The agency shall establish criteria for housing sponsors and qualified mortgage lenders, which shall be designed to assure the financial integrity of programs authorized by this part and which shall provide for effective implementation of the policies and purposes set forth in this part. The criteria shall take into account the differences between private and public institutions qualifying as housing sponsors and qualified mortgage lenders

41397. The agency shall make the payments and provide relocation assistance, as specified in Chapter 16 (commencing with Section 7260) of Division 7 of Title 1 of the Government Code, to persons and families displaced in making a site or structure available for rehabilitation or construction financed under this part, or in the alternative may require the housing sponsor receiving a loan commitment pursuant to this part to make such payments and provide such assistance, whether such displacement has occurred prior to the loan commitment or will occur subsequent thereto

For purposes of this section, displacement includes relocation occurring because of inability to pay increased rentals resulting from rehabilitation

41398. The agency shall establish maximum sale prices for the initial sale of housing developments, the acquisition, construction, or rehabilitation of which is financed by the agency in anticipation of

sale to persons and families of low or moderate income. The agency shall also establish maximum sale prices for any housing development whenever the buyer of such housing development receives a mortgage loan from the agency. The maximum sale prices established by the agency pursuant to this section may provide a reasonable profit to the seller while serving the purposes of this part.

41399. The agency may make grants to nonprofit housing sponsors and local public agencies to meet expenses incurred in planning, constructing, rehabilitating, or managing housing developments. The agency may make grants to housing sponsors for the purpose of lowering the rents or cooperative housing charges on some or all of the units within a housing development. Grants authorized by this section shall not be made with moneys derived from the sale of bonds.

41400. The agency shall establish a grievance procedure or require housing sponsors to establish such a procedure, or both, for the purpose of resolving complaints by housing sponsors and tenants of housing sponsors and contractual disputes between two or more housing sponsors or between a housing sponsor and a tenant of such housing sponsor. Notwithstanding any other provision of law, no individual or family shall be evicted from a housing development unless the following requirements are met:

(a) The eviction is for good cause as defined by rules and regulations of the agency.

(b) Eviction proceedings shall be commenced by the giving of notice as required by Section 1946 of the Civil Code or Section 1161 or 1161a of the Code of Civil Procedure and served as provided by Section 1162 of the Code of Civil Procedure. Such notice shall contain a statement of the cause for eviction and of the right of the tenant to an impartial hearing and decision pursuant to regulations of the agency if a request for such a hearing is made to the landlord in writing within the period specified in Section 1946 of the Civil Code or Section 1161 of the Code of Civil Procedure, as the case may be.

(c) When the tenant so requests the landlord in writing within the period specified in Section 1946 of the Civil Code or Section 1161 of the Code of Civil Procedure, as the case may be, an impartial hearing, in accordance with procedures established pursuant to regulations of the agency, shall be held and a decision rendered within two weeks after receipt by the landlord of the tenant's written request for a hearing. Good cause for eviction shall be established at the hearing by the weight of the evidence. Before a right to a hearing vests, the tenant must pay rent for the two-week hearing period to the owner or to an escrow account of the agency, if not already paid.

(d) A defendant in an unlawful detainer proceeding may assert as a defense the failure of the plaintiff or the agency to comply with the requirements of this section or regulations adopted pursuant to this section. A defendant in such a proceeding may assert as a defense that the findings at the hearing were not supported by the weight of evidence.

The costs of any hearing conducted pursuant to this section shall be assessed to, and paid by, the losing party as provided in regulations of the agency. If neither party prevails, the costs of the hearing shall be equitably apportioned.



41401. The agency shall adopt standards for the admission of tenants, termination of tenancies, and eligibility of purchasers of housing financed under this part as well as standards establishing maximum percentages of income which a tenant or purchaser may allocate to housing costs, which shall provide consideration for proven ability in individual cases to pay what would otherwise be an unusually high percentage of income for housing costs. The agency may require a warranty on new or substantially rehabilitated housing developments if such is available with insurance coverage offered by an insurer admitted to do business in this state. The cost of the warranty may be financed within the construction or mortgage loan.

41402. Prior to authorizing a loan under Chapter 6 (commencing with Section 41550) of this part or a mortgage loan under Chapter 5 (commencing with Section 41450) of this part, if the loan under either such chapter is for the purchase by a housing sponsor which is a person or family of low or moderate income of a single-unit housing development, the agency shall:

(a) Require an appraisal of the housing development be done by a competent and experienced appraiser.

(b) Establish a maximum purchase price for the housing development.

(c) Require that the housing development be either newly constructed, recently rehabilitated, or certified by the local code enforcement agency, or the department to be in good condition.

(d) Require that the purchaser intend to occupy the housing development.

(e) Require that the loan bear below-market interest, except as otherwise provided in Chapter 6 (commencing with Section 41550) of this part.

(f) Require, notwithstanding Section 1916.5 of the Civil Code, that a mortgage payment schedule at market interest be substituted for an original payment schedule at below-market interest, when the borrower or a subsequent purchaser ceases to be a person or family of low or moderate income, and that additional payments of interest resulting therefrom be forwarded to the agency. The agency may waive the requirement of this subdivision when necessary to permit participation in federal mortgage-insurance, guaranteed, or purchase programs.

41403. The agency, after approving an application for a mutual self-help housing project, may make development loans and construction loans for land acquisition and development costs to eligible housing sponsors on such terms and conditions and in such amounts as it deems necessary to accomplish the purposes of this part. Such development loans and construction loans may be interest free if sufficient surplus funds exist for such purpose and such loans can be made without jeopardizing the financial self-sufficiency of the agency or the adequacy of its reserves. Land acquired and housing developments financed pursuant to this section shall be sold or conveyed at cost to eligible housing sponsors or to other mutual self-help housing.

The agency may, as part of making a loan pursuant to this section, approve the use of loan funds to provide improvement security required under subdivision (c) of Section 66462 and Chapter 5

(commencing with Section 66499) of Division 2 of Title 7 of the Government Code, which shall be in lieu of improvement security otherwise required by such provisions.

In making loans pursuant to this section, the agency, as an alternative to disbursing such loans directly to eligible housing sponsors or persons and families of low or moderate income, may establish procedures retaining such loans or portions thereof, and disburse such amounts directly to the person or entity performing an involved service.

41404. In areas where rehabilitation financing is provided pursuant to this part, the agency, by regulation, shall require that qualified mortgage lenders in the area, lending from their own resources, do not refuse to grant loans or adopt any restriction of credit which is discriminatory as compared to their lending to persons and families in other areas. This practice would be contrary to the purposes of this part and shall therefore be prohibited.

The agency, by regulation, shall also assure that qualified mortgage lenders do not substitute funds made available under this part for the lenders' own resources, without permission of the agency. Qualified mortgage lenders may provide financing under this part until the agency makes a finding that the lender is in violation of this section or decertifies the lender pursuant to Section 41057.

#### CHAPTER 5. FINANCING OF HOUSING DEVELOPMENTS

##### Article 1. Loans for Housing Developments

41450. Subject to the limitations prescribed by Article 4 (commencing with Section 41475) of this chapter, the agency may make, or undertake commitments to make, development loans, construction loans, mortgage loans, and advances in anticipation of such loans to housing sponsors to finance housing developments.

41451. The agency shall make and publish rules and regulations respecting the making of development loans, construction loans, and mortgage loans pursuant to this part, the terms and conditions upon which such loans may be made to housing sponsors, the admission of tenants to a housing development, construction of any ancillary commercial facilities, and supervision of housing sponsors, including housing sponsors owning and occupying a housing development. Such regulations shall require, where a financing commitment is made for construction of housing to be purchased by persons and families of low or moderate income, that construction will be undertaken in an economical manner, providing the buyer with an attractive home.

41452. The agency shall enter into regulatory contracts and other agreements with housing sponsors receiving loans under the provisions of this part.

##### Article 2. Loans Through Intermediary Lenders and Mortgage Purchase and Sale

41455. The agency may invest in, purchase, or make commitments to purchase, and take assignments from qualified mortgage lenders of, construction loan obligations, mortgage loan obligations, and participations therein for financing or refinancing of

housing developments. Such construction loan obligations or mortgage loan obligations shall be limited as to charges, interest, maximum loan amount, and maximum appraised value pursuant to regulations of the agency, which shall be consistent with the purposes of this division. Such construction loan obligations or mortgage loan obligations may be held or sold by the agency, or the agency may create pools of construction loan obligations or mortgage loan obligations held by the agency and may sell securities backed by such pools.

41456 The agency may invest in, purchase, or make commitments to purchase any obligation secured by a mortgage or participation therein, and sell such obligations or create pools of such obligations held by the agency and issue and sell securities backed by such pools. The agency shall require the seller of mortgages purchased by the agency to use the proceeds for the purpose of financing housing developments.

41457. The agency may insure or guarantee any obligation held by the agency and secured by a mortgage on a single-unit housing development for the purpose of increasing its acceptability or value for sale or as security for other obligations. Nothing in this section shall, however, be construed as authorizing the creation of a debt or liability of the state within the meaning of Section 1 of Article XVI of the State Constitution.

41458. Sales of mortgage obligations and securities pursuant to this article may be made at public or private sale, with or without public bidding, whether directly or through a contract with a private marketing intermediary.

### Article 3. Loans to Qualified Mortgage Lenders

41465. The agency may make loans to qualified mortgage lenders under terms and conditions requiring the proceeds thereof to be used by such mortgage lenders for the purpose of making construction loans and mortgage loans for the purpose of financing housing developments.

41466. The agency may make loans to qualified mortgage lenders under terms and conditions requiring the proceeds thereof to be used by such mortgage lenders for the purpose of making mortgage loans to finance housing developments.

41467. Loans shall not be made under this article unless they can be made at a lower net interest cost to a housing sponsor than is available with loans made under the provisions of Article 1 (commencing with Section 41450), Article 2 (commencing with Section 41455), or Article 4 (commencing with Section 41475) of this chapter

41468 Loans shall not be made by the agency to a qualified mortgage lender under the provisions of this article, except pursuant to an agreement between the agency and the qualified mortgage lender. Such agreements shall include the following:

(a) A maximum interest rate that can be charged for construction loans or mortgage loans.

(b) A recital of the requirements of loans for housing developments authorized by this part

(c) Standards for mortgage-servicing and foreclosure practices,

including programs of forbearance and recasting for mortgages in default.

41469. In connection with loans made pursuant to this article, the agency may collect, enforce the collection of, and foreclose on any collateral securing the loans and may acquire or take possession of such collateral and sell the same at public or private sale, with or without public bidding, and otherwise deal with such collateral as may be necessary to protect the interest of the agency therein. The exercise of the powers specified in this subdivision shall be subject to any agreements with bondholders.

#### Article 4. Lender of Last Resort

41475. Except as provided in this article, the agency shall not make construction loans or mortgage loans for the purpose of financing owner-occupied housing developments unless such loans are made through a qualified mortgage lender.

41476. In rural areas the agency may make and undertake commitments to make construction loans and mortgage loans to housing sponsors to finance housing developments without the participation of a qualified mortgage lender if no qualified mortgage lender will participate in financing such housing developments as provided in Article 2 (commencing with Section 41455) or Article 3 (commencing with Section 41465) of this chapter, or if the board determines that the agency can initiate or service loans directly at less cost than through use of a qualified mortgage lender.

41477. The agency may make and undertake commitments to make construction loans and mortgage loans to finance owner-occupied housing developments without the participation of a qualified mortgage lender where the income of the owner-occupant is no greater than 65 percent of the median income for the area in which the housing development is located determined by the United States Department of Housing and Urban Development.

#### Article 5. Supervision of Housing Sponsors

41480. The agency shall do the following:

(a) Prescribe uniform systems of accounts and records for housing sponsors of rental and cooperative housing developments and require them to make reports and give answers to specific questions on such forms and at such times as may be necessary for the purposes of this part.

(b) Establish minimum capital reserves to be maintained by nonprofit and limited-dividend housing sponsors of rental and cooperative housing developments.

(c) Fix and alter from time to time a schedule of rents such as may be necessary to provide occupants who are persons and families of low or moderate income with affordable rents to the extent consistent with the maintenance of the financial integrity of the housing development and to provide profits to housing sponsors subject to the limitations of Section 41482. Any commercial facilities constituting a portion of a single housing development financed pursuant to this part shall, to the extent they receive the benefit of below-market-rate financing from the agency, assist in the support

of appurtenant residential facilities. No housing sponsor shall increase the rent charged on any assisted rental unit without the prior permission of the agency, which shall be given only if the housing sponsor affirmatively demonstrates that such increase is required to defray necessary operating costs or avoid jeopardizing the fiscal integrity of the housing development. Prior notice of any rent increase shall be given in writing as required by Section 1946 of the Civil Code. Prior to the time any rent increase is effective the housing sponsor shall notify every affected tenant, in writing, of informal meetings with the housing sponsor to review the proposed rent increase.

(d) Determine standards for, and control selection by housing sponsors of, tenants and purchasers.

41481. The agency may do any of the following with respect to housing sponsors of rental and cooperative housing developments:

(a) Through its agents or employees, enter upon and inspect the lands, buildings, and equipment of a housing sponsor, including all parts thereof, and examine the books and records of a housing sponsor. However, there shall be no entry or inspection of occupied units without consent of the occupant.

(b) Supervise the operation and maintenance of any housing development and order such repairs as may be necessary to protect the public interest or the health, safety, or welfare of occupants of the housing development.

(c) Require any housing sponsor to pay to the agency such fees as it may prescribe to defray its costs incurred in connection with the examination, inspection, supervision, auditing, or other regulation of the housing sponsor.

(d) Regulate the retirement of any capital investments or the redemption of stock or the distribution of any equity interest in any housing sponsor.

(e) Order any housing sponsor to do, or to refrain from doing, any act, as may be necessary to comply with the provisions of state, federal, or local laws, the rules and regulations of the agency, or the terms of any contract between the agency and the housing sponsor.

(f) Withhold the transfer of construction payments to a housing sponsor pending adequate performance, as determined by the agency, of any acts required of such housing sponsor pursuant to the provisions of this part or pursuant to any agreement by and between the agency and such housing sponsor.

41482. Every limited-dividend housing sponsor of a rental housing development which receives a construction loan or mortgage loan or a grant pursuant to this part shall enter into an agreement with the agency providing for disposition of property and limitation of earnings distribution to an annual amount no greater than 6 percent of the equity invested in the housing development. The agency may permit a distribution greater than 6 percent to investors contributing additional equity money to an existing housing development, or in the case of a housing development over which the agency has assumed managerial and financial control pursuant to Section 41483.

41483. Upon making a determination that the financial status of a rental or cooperative housing development is such as to jeopardize

any financial interest of the agency in such housing development, the agency may assume managerial and financial control of the housing sponsor and may supervise and prescribe the activities of the housing sponsor in such manner and under such terms and conditions as the agency may provide in its rules and regulations or as it may stipulate in any contract with the housing sponsor. Such control may be exercised through appointment by the agency to the governing body of such housing sponsor of a number of new members sufficient to constitute a voting majority of the governing body thereof, notwithstanding the provisions of the articles of incorporation or other documents of organization of the housing sponsor.

41484 The agency may prescribe regulations specifying the categories of cost which shall be allowable in the construction or rehabilitation of a housing development. The agency may require any housing sponsor to certify the development costs upon completion of the housing development. Such certification of development costs shall be subject to audit and verification by the agency.

41485. The agency may institute any action or proceeding pursuant to applicable provisions of law against any housing sponsor receiving or assuming a loan under the provisions of this part in any court of competent jurisdiction in order to enforce the provisions of this part or the terms and provisions of any contract between the agency and such housing sponsor, to foreclose its mortgage, or to otherwise protect the public interest or the occupants of the housing development. Where necessary to protect the interests of the agency, it may, in connection with any such action or proceeding, apply to the court for the appointment of a receiver to take over, manage, operate, and maintain the affairs of the housing sponsor of a rental or cooperative housing development. No receiver shall be appointed unless approved by the agency.

In the event of the reorganization of any housing sponsor, to the extent permitted by law, such reorganization shall be subject to the supervision and control of the agency and no such reorganization shall be effected without the prior written consent of the agency. In the event of a judgment against any housing sponsor in any action to which the agency is not a party, there shall be no sale of the housing development or any portion thereof, except upon 60 days' written notice to the agency. Upon receipt of such notice, the agency or Attorney General shall take such steps as in its judgment may be necessary to protect the rights of all parties.

41486. Whenever a housing sponsor of a rental or cooperative housing development accumulates an earned surplus greater than such operating and replacement reserves as the agency may require, surplus shall be used to reduce rents within the housing development to a level at which no person or family of low or moderate income occupying the housing development pays more than the affordable rent. Whenever a housing sponsor of a rental or cooperative housing development accumulates an earned surplus greater than such operating and replacement reserves as the agency may require and no person or family of low or moderate income occupying the housing development pays more than the affordable rent, then such surplus shall be transferred to the agency for use in lowering the

rents for persons and families of low or moderate income in other housing developments to a level no greater than the affordable rents.

41487. A housing sponsor that is a person or family of low or moderate income shall not receive financial assistance under this part if such person or family has already received assistance under this part for purchase of other real property, unless such property is sold or transferred for good cause as determined by the agency.

#### Article 6. Priorities

41495. In selecting homes and projects to be financed as housing developments, the agency shall give priority consideration to the needs of identifiable groups within the state, as identified by the California Statewide Housing Plan. Such groups may include, but need not be limited to elderly persons, handicapped persons, large households, and persons and families displaced by governmental action or natural disaster. The agency shall also consider rural areas, areas in which new construction is needed, areas in which rehabilitation is needed, and areas of credit shortage where financing is needed for the purchase of existing housing in order to maximize the impact of the agency's financial activities on employment, reduction of housing costs, and maintenance of local economic activity. The agency shall balance its activity between urban and rural areas of the state and between nonelderly housing and housing for the elderly and handicapped.

41496. Subject to the availability of sufficient subsidies, not less than 30 percent of the total units receiving mortgage loans pursuant to this part during each fiscal year shall be made available on a priority basis to very low income households. Subject to the availability of sufficient subsidies, not less than 20 percent of the units in each housing development shall be made available on a priority basis to very low income households, except that such requirement shall not apply to housing developments of less than 12 units where the agency finds it is not necessary to make units available in the development for very low income households to meet the requirement of making 30 percent of such total units available to very low income households. Units required to be made available on a priority basis pursuant to this section, shall be offered exclusively to those within the priority group unless or until the agency permits the unit to be offered to other potential occupant groups.

41497. If at any time, the number of units in housing developments available to very low income households falls below 20 percent of the total units in housing developments, the agency shall immediately notify the Governor, the Speaker of the Assembly, and the Senate Rules Committee and shall recommend such legislation or other action as may be required to make at least 20 percent of the units so available.

41498. At the time a mortgage loan commitment is made to finance any rental housing development, a written agreement between the agency and housing sponsor shall be executed, designating the number of units to be made available on a priority basis within such housing development to very low income households, to persons and families of low or moderate income, and to other households. If the number of units occupied by very low

income households in any housing development ever falls below the number agreed to by the agency and housing sponsor, then units which become available for occupancy shall, subject to available subsidies be made available on a priority basis to very low income households until the number of units so occupied equals at least the number specified in the agreement. The agency may from time to time review agreements designating the allocation of units and, subject to agreement with the housing sponsor, may increase the number of units to be made available to very low income households if consistent with maintenance of the financial integrity of the housing development and continuance of permitted earnings distributions, or may establish minimum rents or minimum incomes for occupancy of units becoming vacant and not otherwise allocated to very low income households if necessary to the financial integrity of the housing development and continuance of permitted earnings distributions.

41499. Nothing in this part shall require the agency to allocate more than 25 percent of the units in any single housing development to very low income households, except housing designed for occupancy by elderly or handicapped households or housing developments of 12 units or less, with respect to which the board finds it necessary for the purposes of this division that such proportion be exceeded.

41500. Not less than 30 percent nor more than 40 percent of the units financed by the agency during each fiscal year for very low income households shall be designed specifically for occupancy by elderly or handicapped persons.

41501. The agency shall assist housing sponsors in obtaining subsidies. In selecting housing developments to be given assistance under this part, the agency shall give priority to those which are able to obtain subsidies but cannot obtain alternative financing in order to utilize such subsidies. The agency shall make every effort to obtain subsidy funds and nothing in this part shall preclude the agency from meeting the eligibility requirements for obtaining federal housing subsidy allocations.

41502 To implement the purposes of this division, the agency shall develop or require housing sponsors to develop, pursuant to regulations of the agency, resident selection plans for housing developments, which shall provide that preference be given to households displaced by a housing development, public action, or natural disaster. Such plans shall include criteria for resident selection, which shall establish income limits for residents, and may include a counseling program designed to promote the financial success of the housing development or the health, safety, and welfare of residents of the housing development. The agency may make participation in such a counseling program a condition or precondition of occupancy of a housing development.

#### Article 7. State and Local Cooperation

41510. The agency may, in connection with a housing development, arrange or contract with a local public entity (1) for the planning, replanning, opening, grading, or closing of streets, roads, roadways, alleys or other places, (2) for the furnishing of



utilities or any community, municipal or public facilities or services, (3) for the acquisition by a local public entity of property or property rights, or (4) for the furnishing of property or services. Any local public entity may, upon finding that a public purpose is served thereby and notwithstanding any other provision of law, enter into such contractual agreements with the agency and to do all things necessary to carry out its obligations.

41511. Notwithstanding any other provision of law, the Department of General Services, any other state agency or officer authorized by law to convey real property of the state, and any local public entity may, in his or its discretion, from time to time sell, lease for a term not exceeding 99 years, grant, or convey to the agency or to a housing sponsor designated by the agency any real property and appurtenances thereto or any interest therein owned by the state or local public entity which the agency shall certify as necessary for its purposes. Such certification of need shall be evidenced by a formal request from the president of the agency. Any such sale, lease, grant, or conveyance shall be made with or without consideration and upon such terms and conditions as may be mutually agreed upon by the state or local public entity and the agency. However, before any such sale, lease, grant, or conveyance is made at less than fair market value, the agency shall make a finding that the difference between the consideration required and fair market value will inure primarily to the benefit of persons and families of low or moderate income.

41512. (a) Upon application to the department, any city, county, city and county, or combination thereof acting jointly, or Indian reservation shall be certified as a local housing agent by the department if the department determines that the applicant meets the criteria specified in subdivision (b). If a local housing agent consists of more than one city, county, or city and county, each such entity shall individually meet the criteria of subdivision (b). All applications of prospective housing sponsors for loans or grants authorized by this part shall be reviewed by the local housing agent, if any, for the area in which the housing development to be financed is proposed to be located. The local housing agent shall approve an application, unless it expressly finds that the application does not meet one or more of the following criteria:

(1) The proposed housing development conforms with a housing element that meets the requirements of subdivision (b).

(2) The proposed housing development is consistent with the provision of a full range of housing opportunities within the jurisdiction of the local housing agent.

(3) The proposed housing development would be in compliance with applicable federal, state, and local laws respecting economic and racial mix in housing.

An application shall be deemed approved if the local housing agent fails to approve or reject it within 40 days following the date of submission.

(b) A local housing agent shall meet all of the following criteria.

(1) The local housing agent shall have adopted a housing element, as required by subdivision (c) of Section 65302 of the Government Code, and an affirmative housing plan, if required by Section 65008 of the Government Code. The housing element shall not conflict

with any housing assistance plan submitted to the federal government as part of an application to obtain funds for community development or housing.

(2) The housing element of the local agency shall provide for an economic and racial mix in new and rehabilitated housing throughout its jurisdiction.

(3) The local housing agent shall develop or specify a procedure, which shall be identified in its application to the agency, to expedite the processing of zoning changes, use permits, building permits, environmental clearance, and any other type of permit, approval, or clearance which may be required by the city, county, or city and county or by any other local public entity or governmental agency prior to construction or rehabilitation of a housing development.

(c) No housing development shall be assisted by a loan authorized by this part, unless the housing development has received the approval of the local housing agent. This subdivision shall not be applicable to housing developments proposed for areas in which there is no local housing agent.

(d) A local housing agent may delegate the function specified in this section to any local public entity, with the approval of the agency.

(e) At any time a local housing agent ceases to meet the criteria specified in subdivision (b) the department may decertify the local housing agent. Certification of the local housing agent shall be reviewed annually by the department. Recertification shall not be granted if the department finds that, during the preceding year, the local housing agent has unreasonably denied approval of applications or has ceased to perform its functions under subdivision (a).

41513. To facilitate coordinated planning on an intergovernmental basis, the agency shall provide an opportunity for review and comment by areawide clearinghouses under Circular A-95 of the United States Office of Management and Budget. Subsequent amendments to Circular A-95 shall be reviewed to assure their conformity with the intent of this division. Nonconforming amendments need not be implemented. If such an areawide clearinghouse, within 30 days after receiving notification of a proposed housing development of over 25 units within its jurisdiction, notifies the agency that it disapproves of such housing development, the agency shall, prior to recordation of a loan to finance the housing development, provide to such areawide clearinghouse a written explanation of the board's reasons for proceeding despite such disapproval. No local agency shall be required to contribute money to be expended to pay the costs of the requirements of this section.

#### CHAPTER 6. REHABILITATION AND HISTORIC PRESERVATION

41550. In accordance with the provisions of this chapter, the agency may provide assistance for rehabilitation, refinancing, and financing of housing developments, and for historic preservation.

41551. Upon application by a local public entity, the agency may designate an area within a city or county as a participating concentrated rehabilitation area if it makes the following findings:

(a) The area was selected by the governing body of the city or

county after citizen participation.

(b) There are a significant number of older and deteriorating structures in such area requiring rehabilitation or historic preservation

(c) Rehabilitation assistance is necessary to enable and encourage residents in such area to cooperate in a local program of concentrated code enforcement.

(d) Rehabilitation of structures will arrest deterioration in the area.

(e) Rehabilitation of structures in the area is economically feasible.

(f) The local public entity has offered to contract with the agency to (1) provide necessary supporting neighborhood public improvements and services, such as street improvements, landscaping and acquisition of open space, undergrounding of utility lines, and construction of drainage facilities in the area for which eligibility has been requested, and (2) provide concentrated and continuing enforcement of state and local housing and building standards in such area.

(g) The local public entity has made every effort to prevent unnecessary displacement in accomplishing rehabilitation and has an adequate program of relocation advisory assistance for persons unavoidably displaced due to rehabilitation.

(h) The supply of housing available to very low income households at affordable rents and the supply of housing available to persons and families of moderate income at affordable rents will not be reduced within the area because those displaced will receive relocation payments and be able to obtain standard housing in the area. Alternatively, standard housing will be available at affordable rents in equally desirable neighborhoods, expanding the range of housing opportunities for minority and low-income persons.

(i) The local public entity has adopted a housing element in compliance with Section 65302 of the Government Code and adopted housing element guidelines which set forth an effective plan for systematic enforcement of state and local building and housing standards throughout its jurisdiction

(j) The application is consistent with local housing assistance plans adopted pursuant to the Housing and Community Development Act of 1974 (Public Law 93-383).

For 150 days following the effective date of this division, the agency may provide financing under the provisions of this chapter for housing developments within a proposed concentrated rehabilitation area, without making the findings otherwise required by this section if prompt action is necessary to obtain federal housing subsidies.

41552. Upon approval of a participating concentrated rehabilitation area, the agency may either:

(a) Enter into an agreement with the local public entity for purchase by the agency of bonds and notes issued pursuant to Chapter 3 (commencing with Section 37930) of Part 13 of Division 24, or

(b) Enter into an agreement with the local public entity for a program of rehabilitation assistance as provided in Section 41553 or

41554, or both, to be administered by the local public entity; or

(c) Enter into an agreement with the local public entity for a program of rehabilitation assistance as provided in Section 41553 or 41554, or both, to be administered by the agency.

41553. Rehabilitation assistance for single-unit housing developments in participating concentrated rehabilitation areas shall include any or all of the following programs:

(a) A program providing mortgage loans to finance the purchase of rehabilitated housing developments for owner occupancy.

(b) A program providing construction loans for rehabilitation of housing developments to be sold for owner occupancy.

(c) A program providing rehabilitation loans for rehabilitation of single-unit owner-occupied housing developments, with interest rates based on income. The highest interest rate shall be market interest.

(d) A program providing construction loans and mortgage loans to owners of single-unit owner-occupied housing developments, for the purpose of rehabilitating and refinancing such housing developments, where the cost of rehabilitation without refinancing exceeds the financial capability of the owner. The terms and interest rates of such loans shall be commensurate with ability to pay, as established by regulations of the agency.

(e) A program of market-interest rehabilitation loans provided through an agreement with a qualified mortgage lender under which the mortgage lender supplies 75 percent of the funds for each rehabilitation loan.

Rehabilitation loans provided under this section may be made at market interest to persons or families other than persons and families of low or moderate income if financing at market interest is not otherwise available.

41554. In addition, rehabilitation assistance may be provided in participating concentrated rehabilitation areas through construction loans, rehabilitation loans, and mortgage loans for the rehabilitation, acquisition and rehabilitation, or refinancing and rehabilitation of rental and cooperative housing developments. With respect to rehabilitation loans made to finance rental housing developments of more than one but less than five units in which the owner of the housing development lives, the highest interest rate charged shall be market interest and the rents charged by the owner shall be regulated in a manner consistent with maintenance of the supply of housing as set forth in subdivision (h) of Section 41551.

Housing sponsors receiving mortgage loans pursuant to this section shall be subject to supervision and regulation pursuant to Article 5 (commencing with Section 41480) of Chapter 5 of this part. With respect to rehabilitation loans, the agency shall require that borrowers contract during the term of the loan not to raise rentals over an amount which the agency by regulation establishes will yield a fair rate of return and will allow for increases reasonably necessary to provide and continue proper maintenance of the property. Market-interest rehabilitation loans may be made for residential structures, other than housing developments, if financing at market interest is not otherwise available. Market-interest rehabilitation loans may be provided through an agreement with a qualified

mortgage lender, under which the mortgage lender supplies 75 percent of the funds for each rehabilitation loan.

41555. Relocation payments shall be made to persons displaced because of inability to afford costs of compliance, temporary displacement for rehabilitation work assisted under this part, or rent increases resulting from rehabilitation, with eligibility and amount of assistance to be determined pursuant to the Uniform Relocation and Real Property Acquisition Policies Act of 1970 (40 U.S.C., Sec. 4601) or Chapter 16 (commencing with Section 7260) of Division 7 of Title 1 of the Government Code.

41556. Upon application by a local public entity the agency may designate a participating mortgage funds assistance area, after soliciting maximum feasible participation by local agencies and community organizations, if it makes the following findings:

(a) Market interest mortgage financing is generally unavailable in the area.

(b) Deterioration in the area has not progressed to a stage where there is a substantial number of structures which do not conform to rehabilitation standards. Alternatively, the area has deteriorated significantly but is anticipated to be assisted, within the following three years, by a rehabilitation assistance program, such as provided in this chapter.

(c) Unavailability of mortgage funds is likely to be a primary cause of deterioration of structures located in the area in the future.

(d) Mortgage assistance in the area is likely to prevent or arrest deterioration in the area.

(e) Mortgage assistance in the area is economically feasible.

(f) The area was selected after citizen participation.

(g) Agency activity in the area will inure primarily to the benefit of persons and families of low and moderate income.

41557. In a participating mortgage funds assistance area, the agency may provide mortgage loans at market interest to purchasers of residential structures under an agreement with the local public entity for administration by the agency or for administration of the loan program by the local public entity.

41558. Upon application by a local public entity the agency may agree to provide construction loans, rehabilitation loans, and mortgage loans at market interest for historic preservation where necessary for the rehabilitation, restoration, or relocation of structures designated by the local public entity. However, prior to granting a loan for the purpose of historic preservation, the agency shall first determine that the housing sponsor applying for assistance has made a concerted effort to obtain financing from private lenders with the use of a state mortgage insurance program, if such exists.

41559. Upon application by a local public entity the agency may agree to allocate funds for mortgage loans for rehabilitation of housing developments as required in a citywide or countywide program of enforcement of state and local building and housing standards. Such assistance may be administered by the local public entity or the agency.

#### CHAPTER 7. REVENUE BONDS

41700. The agency may from time to time issue its negotiable

bonds in such principal amount as the agency, with the approval of the Housing Bond Credit Committee, shall determine to be necessary to provide sufficient funds for financing housing developments and for the payment of interest on bonds of the agency, establishment of reserves to secure such bonds, and other expenditures of the agency incident to, and necessary or convenient to, issuance of such bonds. However, if the issuance of bonds of the state, as provided in Part 4 (commencing with Section 41800) of this division, is approved by the voters, the authority to issue bonds contained in this chapter shall terminate, and no bonds shall be issued pursuant to this chapter after the date of such approval, but the provisions of this chapter shall remain applicable to previously issued bonds of the agency.

Issuance of the bonds of the agency shall be coordinated by the State Treasurer. To obtain a date for the issuance of bonds, the agency shall inform the State Treasurer of the amount of the proposed issue. Upon such notification, the State Treasurer shall provide three 10-day periods, within the 90 days next following, when the bonds could be issued, subject to approval of the Housing Bond Credit Committee. The agency may choose any date during the suggested periods or any other date to which the agency and the State Treasurer have mutually agreed. The State Treasurer shall sell the bonds on the date chosen according to terms approved by the agency.

The aggregate principal amount of nonguaranteed bonds which may be issued pursuant to this part shall not exceed three hundred million dollars (\$300,000,000), exclusive of indebtedness incurred to refund or renew previously issued bonds of the agency to the extent of the outstanding principal indebtedness of such previously issued bonds, including the payment of any redemption premium thereon and any interest accrued or to accrue to the date of redemption of such bonds. Guaranteed taxable bonds to be issued by the agency may be authorized in an amount not exceeding one-half of the authorization for nonguaranteed bonds.

Notwithstanding any other provisions of this part, only the following types of housing developments may be eligible for mortgage loans made with the proceeds of bonds:

(a) Housing developments financed with taxable bonds of the agency guaranteed under Section 802 of Title VIII of the Federal Housing and Community Development Act of 1974.

(b) Housing developments financed with bonds of the agency that are guaranteed, or the timely payment of principal and interest of which is insured, by an agency of the state or by a private insuring entity authorized to engage in such business.

(c) Housing developments, the mortgage loans on which are expected to be insured under a program utilizing federal coinsurance as authorized under Section 307 of Title III of the Federal Housing and Community Development Act of 1974 (P.L. 93-383).

(d) Housing developments, the mortgage loans on which are expected to be insured by an agency of the state, a political subdivision of the state, or by a private insuring entity authorized to engage in such business.

(e) Housing developments, the mortgage loans on which are expected to be insured by the Federal Housing Administration or guaranteed by the United States Veterans Administration or the Farmers Home Administration of the United States Department of Agriculture.

(f) Housing developments financed by a loan made by the agency to a qualified mortgage lender, if both of the following conditions are met:

(1) The loan to the qualified mortgage lender is a general obligation of the mortgage lender, and

(2) The qualified mortgage lender is a member of, or a subsidiary of a member of, the Federal Deposit Insurance Corporation or of the Federal Savings and Loan Insurance Corporation.

(g) Housing developments financed by tax-exempt bonds for which a bond reserve fund is created that equals at least the average annual debt service on the bonds issued.

41701 The agency may, from time to time, issue (1) notes to renew notes and (2) other bond obligations to pay notes, including the interest thereon and, whenever it deems refunding expedient, to refund any bonds by the issuance of new bonds, whether the bonds to be refunded have or have not matured, and to issue bonds partly to refund bonds then outstanding and partly for any of its purposes.

41702. Except as may otherwise be expressly provided by resolution of the agency, every issue of its bonds shall be general obligations of the agency payable out of any assets, revenues, or moneys of the agency, subject only to any agreements with the holders of particular bonds pledging any particular assets, revenues or moneys.

41703. The bonds shall be authorized by resolution or resolutions of the agency, shall bear such date or dates, and shall mature at such time or times as such resolution or resolutions may provide, except that no bond shall mature more than 50 years from the date of its issue. The bonds may be issued as serial bonds payable in annual installments or as term bonds, or as a combination thereof, and, notwithstanding any other provision of law, the amount of principal of, or interest on, bonds maturing at each date of maturity need not be equal. The bonds shall bear interest at such rate or rates, be in such denominations, be in such form, either coupon or registered, carry such registration privileges, be executed in such manner, be payable in such medium of payment at such place or places within or without the state, and be subject to such terms of redemption as such resolution or resolutions may provide. The bonds of the agency shall be sold by the State Treasurer at or below such price level or levels as the agency shall determine prior to the date or dates of any sale or sales.

41704. Any resolution or resolutions authorizing any bonds or issue therefor may contain provisions, which shall be a part of the contract or contracts with the holders thereof, as to:

(a) Pledging all or any part of the revenues of the agency to secure the payment of the bonds or any issue thereof, subject to such agreements with bondholders as may then exist.

(b) Pledging all or any part of the assets of the agency, including mortgages and obligations securing the same, to secure the payment

of the bonds or any issue thereof, subject to such agreements with noteholders or bondholders as may then exist.

(c) The use and disposition of the gross income from mortgages owned by the agency and payment of principal of mortgages owned by the agency.

(d) The setting aside of reserves or sinking funds and the regulation and disposition thereof.

(e) Limitations on the purposes to which the proceeds of a sale of bonds may be applied and pledging such proceeds to secure the payment of the bonds or of any issue thereof.

(f) Limitations on the issuance of additional bonds, the terms upon which additional notes or bonds may be issued and secured, and the refunding of outstanding bonds.

(g) The procedure, if any, by which the terms of any contract with bondholders may be amended or abrogated, the amount of bonds the holders of which must consent thereto, and the manner in which such consent may be given.

(h) Limitations on the amount of moneys to be expended by the agency for operating expenses of the agency

(i) Vesting in a trustee or trustees such property, rights, powers, and duties in trust as the agency may determine, which may include any or all of the rights, powers, and duties of the trustee appointed by the bondholders pursuant to this part and limiting or abrogating the right of the bondholders to appoint a trustee or limiting the rights, powers, and duties of such trustee.

(j) Defining the acts or omissions to act which shall constitute a default in the obligations and duties of the agency to the holders of the bonds and providing for the rights and remedies of the holders of the bonds in the event of such default, including as a matter of right the appointment of a receiver. However, such rights and remedies shall not be inconsistent with the general laws of the state and the other provisions of this division.

(k) Any other matters, of like or different character, which in any way affect the security, protection, or investment return of the holders of the bonds.

41704.5. Any resolution or resolutions authorizing any bonds or issue thereof shall specify the extent to which revenues resulting from loans made with proceeds of the bonds so authorized are to be used to secure such bonds and the extent to which such revenues may be used for other purposes.

41705. Any pledge made by the corporation shall be valid and binding from the time when the pledge is made. The revenues, moneys, or property so pledged and thereafter received by the agency shall immediately be subject to the lien of such pledge without any physical delivery thereof or further act, and the lien of any such pledge shall be valid and binding as against all parties having claims of any kind in tort, contract, or otherwise against the agency, irrespective of whether such parties have notice thereof. Neither the resolution nor any other instrument by which a pledge is created need be recorded.

41706. The members of the board, the president of the agency, or any other person executing such notes or bonds shall not be subject to any personal liability or accountability by reason of the



issuance thereof.

41707. There is hereby created a Housing Bond Credit Committee composed of the State Controller, the State Treasurer, the Director of Finance, the president, and an executive secretary. The executive secretary shall be appointed by the other four members of the committee from among two or more nominees submitted by the board, and shall serve during the pleasure of the committee. The executive secretary shall serve in a full-time capacity. The executive secretary shall aid the committee in the performance of its duties under this chapter, as directed by the committee, and shall perform the functions specified in Section 41311.5. The members of the committee other than the executive secretary shall serve on the committee without compensation. A majority shall be empowered to act for such committee. Prior to the issuance of any bonds, the board shall submit to the committee a statement of the purpose for which bonds are proposed to be issued and the amount of the proposed issuance. The committee shall determine the general adequacy of the program's security in protecting the state's credit. If the committee finds the state's credit would be subject to an undue risk, it may disapprove the proposed issuance or reduce the amount of the proposed issuance.

41708. The State Treasurer or corporate trustee shall act as trustee for the agency and the holders of its bonds. At any time bond counsel finds it to be a conflict of interest for the State Treasurer to act as trustee the corporate trustee shall be named to carry out those duties. Any resolution authorizing any bonds or issue thereof shall prescribe the duties of the State Treasurer with respect to the issuance, authentication, sale, and delivery of the bonds, the payment of principal and interest thereof, and the redemption of the bonds.

The agency may provide by an indenture for the deposit of all revenues received from a project in a separate account in the California Housing Finance Fund under the control of the State Treasurer as trustee. The money in such fund shall be disbursed only as provided in the indenture.

The board may authorize the State Treasurer to act as trustee on behalf of the holders of its bonds, or any stated percentage thereof, for the purpose of exercising and prosecuting on behalf of the holders of the bonds such rights and remedies as may be available to such holders. However, nothing in this section shall preclude the appointment of a trustee, other than the State Treasurer, to represent and enforce rights of holders of bonds of the corporation if, and in the manner and under conditions, provided in the resolution authorizing the bonds.

41709. The State Treasurer or other trustee acting on behalf of bondholders shall have and possess all the powers necessary or convenient for the exercise of any functions specifically set forth in this part or incident to the general representation of bondholders in the enforcement and protection of their rights. The Superior Court of Sacramento County shall have jurisdiction of, and Sacramento County shall be the appropriate venue for, any suit, action, or proceedings by the trustee on behalf of bondholders.

41710. Whether or not the bonds are of such form and character as to be negotiable instruments under, or subject to, the terms of the

California Uniform Commercial Code, the bonds and any security instruments underlying the bonds are hereby made negotiable instruments within the meaning of, and for all the purposes of, such code, subject only to the provisions of the bonds for registration.

41711. In the event any of the board members or officers of the agency whose signatures appear on any bonds or coupons shall cease to be such board members or officers before the delivery of such bonds, such signatures shall, nevertheless, be valid and sufficient for all purposes, the same as if such board members or officers had remained in office until such delivery.

41712. Proceeds derived from the issuance of bonds or securities and any interest or other increment derived from the investment thereof may be used for any of the purposes of the agency, including, but not limited to, creation of reserves, repayment of the loan from the state made pursuant to the act enacting this division, operating costs, other expenses, and subsidy programs.

41713. The agency, for the purpose of securing bonds issued pursuant to this chapter and pursuant to agreements with bondholders, shall create and establish one or more special accounts in the California Housing Finance Fund, which shall be known as "bond reserve funds," and shall pay into each such bond reserve fund (1) any moneys appropriated and made available by the Legislature for the purpose of such fund, (2) any proceeds of sale of bonds to the extent provided in the resolution or resolutions of the agency authorizing the issuance thereof, and (3) any other moneys which the agency may make available for the purpose of such bond reserve fund from any other source or sources. All moneys held in any bond reserve fund, except as otherwise provided in this part, shall be used, as required, solely for the payment of the principal of bonds secured in whole or in part by such fund, for the sinking fund payments authorized by this part with respect to such bonds, for the purchase or redemption of such bonds, for the payment of interest on such bonds, or for the payment of any redemption premium required to be paid when such bonds are redeemed prior to maturity. However, moneys in a bond reserve fund shall not be withdrawn therefrom at any time in such amount as would reduce the amount of the bond reserve fund to less than the bond reserve requirement established for such fund, as provided in Section 41714, except for the purpose of making, with respect to bonds secured in whole or in part by such fund, payment when due of principal, interest, redemption premiums, and the sinking fund payments, as provided in this part, for the payment of which other moneys of the agency are not available. Any income or interest earned by, or incremental to, any bond reserve fund due to the investment thereof may be transferred by the agency to other funds or accounts of the agency to the extent it does not reduce the amount of the bond reserve fund below the bond minimum bond reserve fund requirement for such fund.

In computing the amount of bond reserve funds for the purpose of this section, securities in which all or a portion of such funds are invested shall be valued at par if purchased at par, and shall be valued at amortized value, as such term is defined by resolution of the agency, if purchased at other than par.

41714. The agency shall not at any time issue bonds if, upon

issuance of the bonds, the amount in any bond reserve fund, established pursuant to Section 41713 to secure previously issued bonds, will be less than the minimum bond reserve fund requirement for such fund, unless the agency at the time of issuance of such bonds, shall deposit in such fund from the proceeds of the bonds to be issued, or from other sources, an amount which, together with the amount then in such fund, will not be less than the bond reserve fund requirement for such fund. For the purposes of this chapter, the term "bond reserve fund requirement" shall mean, as of any particular date of computation, an amount of money, as provided in the resolution or resolutions of the agency authorizing the bonds with respect to which such bond reserve fund is created, that is established as a reserve for current or future obligations to the bondholders.

41715. The Bond Security Account is hereby created in the California Housing Finance Fund. Moneys in such account shall be transferred into separate, individual accounts in the fund, which shall be known as secondary bond reserve accounts, to secure each issuance of bonds under this chapter and shall be used for no other purpose. Upon issuance of any bonds pursuant to this chapter, the agency shall create a secondary bond reserve account to secure payment of the principal of, and interest on, such bonds. The amount transferred from the Bond Security Account into the secondary bond reserve account shall not exceed 10 percent of the amount of the issuance.

When an obligation secured by a secondary bond reserve account is retired or refunded, the account shall be dissolved and all moneys therein shall be used first for repayment to the General Fund in the State Treasury of the amount advanced to the Bond Security Account by the act enacting this division.

When the amount in a bond reserve fund falls below the minimum capital reserve fund requirement for such fund and available revenues of the agency pledged to secure the bonds are insufficient to restore such fund to the prescribed minimum capital reserve fund requirement, the agency shall transfer to the bond reserve fund, from the secondary bond reserve account securing such bonds, the amount necessary to restore such fund to the minimum capital reserve fund requirement. Moneys in secondary bond reserve accounts shall be transferred therefrom only as prescribed in this section.

If the issuance of bonds of the state, as provided in Part 4 (commencing with Section 41800) of this division, is approved by the voters, all moneys in the Bond Security Account shall, upon the date of such approval, be transferred to the General Fund in the State Treasury.

41716. The agency shall create and establish such other accounts in the California Housing Finance Fund as may be necessary or desirable for its agency purposes.

41717. The agency may provide for the issuance of refunding bonds for the purpose of refunding any bonds then outstanding which have been issued under the provisions of this chapter, including the payment of any redemption premium thereon and any interest accrued or to accrue to the date of redemption of such

bonds, and for any purpose of the agency. The issuance of such obligations, the maturities and other details thereof, the rights of the holders thereof, and the rights, duties, and obligations of the agency in respect of the same shall be governed by the provisions of this chapter which relate to the issuance of bonds, insofar as such provisions may be appropriate therefor.

41718. Refunding bonds issued as provided in Section 41717 may be sold or exchanged for outstanding bonds issued under this part and, if sold, the proceeds thereof may be applied, in addition to any other authorized purposes, to the purchase, redemption, or payment of such outstanding bonds. Pending the application of the proceeds of any such refunding bonds, with any other available moneys, (1) to the payment of the principal, accrued interest, and any redemption premium on the bonds being refunded, (2) to the payment of any interest on such refunding bonds, or (3) to any expenses incurred in connection with such refunding, such proceeds may be invested in such obligations as are permitted under the bond resolution authorizing the issuance of refunding bonds.

41719. The state does hereby pledge to and agree with the holders of any bonds issued under this part that the state will not limit or alter the rights hereby vested in the agency to fulfill the terms of any agreements made with the holders thereof or in any way impair the rights and remedies of such holders until such bonds, together with the interest thereon, with interest on any unpaid installments of interest, and all costs and expenses in connection with any action or proceeding by or on behalf of such holders, are fully met and discharged. The agency is authorized to include this pledge and agreement of the state in any agreement with the holders of such notes or bonds.

41720. Bonds issued under the provisions of this chapter shall not be deemed to constitute a debt or liability or obligation of the state or of any political subdivision thereof or a pledge of the faith and credit of the state or of any such political subdivision but shall be payable solely from the revenues or assets of the agency. Each bond issued under this chapter shall contain on the face thereof a statement to the effect that the agency shall not be obligated to pay the same nor the interest thereon except from the revenues or assets pledged therefor and that neither the faith and credit nor the taxing power of the state or of any political subdivision thereof is pledged to the payment of the principal of, or the interest on, such bond.

41721. The bonds of the agency shall be legal investments in which all public officers and public bodies of this state, its political subdivisions, all municipalities and municipal subdivisions, all insurance companies and associations and other persons carrying on an insurance business, all banks, bankers, banking institutions, including savings and loan associations, building and loan associations, trust companies, savings banks and savings associations, investment companies and other persons carrying on a banking business, all administrators, guardians, executors, trustees and other fiduciaries, and all other persons whatsoever who are now or may hereafter be authorized to invest in bonds or in other obligations of the state, may properly and legally invest funds, including capital, in their control or belonging to them. The bonds may be used by any

such private financial institution, person, or association as security for public deposits. The bonds are also hereby made securities which may properly and legally be deposited with and received by all public officers and bodies of the state or any agency or political subdivision of the state and all municipalities and public corporations for any purpose for which the deposit of bonds or other obligations of the state is now or may hereafter be authorized by law, including deposits to secure public funds.

#### PART 4. HOUSING FINANCE BOND LAW OF 1975

41800. This part shall be known and may be cited as the Housing Finance Bond Law of 1975.

41801. Bonds in the total amount of five hundred million dollars (\$500,000,000), or so much thereof as is necessary, may be issued and sold to provide a fund to be used by the California Housing Finance Agency to finance housing developments, as authorized in this division, for the primary purpose of increasing the availability of housing within this state for persons and families of low or moderate income, and to be used to reimburse the General Obligation Bond Expense Revolving Fund pursuant to Section 16724.5 of the Government Code. However, the proceeds of the bonds shall first be used to repay to the General Fund in the State Treasury the amount advanced to the Bond Security Account in the fund by the act enacting this division, less amounts already repaid on account of such advance at the time of the issuance of the bonds. Such bonds shall be known and designated as the State Housing Finance Bonds, and when sold, shall be and constitute a valid and binding obligation of the State of California, and the full faith and credit of the State of California are hereby pledged for the punctual payment of both principal and interest on such bonds as such principal and interest become due and payable.

The state shall not have outstanding at any one time general obligation bonds specified in this part in an aggregate principal amount exceeding five hundred million dollars (\$500,000,000), excluding bonds issued to refund outstanding bonds.

41802. The Housing Bond Credit Committee created by Section 41707, upon the request of the board stating the purposes for which bonds are proposed to be issued and the amount of the proposed issuance, shall determine whether or not a bond issue under this part is necessary or desirable to accomplish such purposes. The committee shall have the authority and shall perform the functions specified in the State General Obligation Bond Law, Chapter 4 (commencing with Section 16720) of Part 3, Division 4, Title 2 of the Government Code.

41803. There shall be collected each year and in the same manner and at the same time as other state revenue is collected such sum in addition to the ordinary revenues of the state as shall be required to pay the principal and interest on the bonds maturing in that year, and it is hereby made the duty of all officers charged by law with any duty in regard to the collection of such revenue to do and perform each and every act which shall be necessary to collect such additional sum.

41804. There is hereby appropriated from the General Fund in

the State Treasury for the purposes of this part, such an amount as will equal the following:

(a) Such sum annually as will be necessary to pay the principal and interest on bonds issued and sold pursuant to the provisions of this part as such principal and interest become due and payable.

(b) Such sum as is necessary to carry out the provisions of Section 41805 which sum is appropriated without regard to fiscal years.

41804.5. The General Obligation Bond Account is hereby created in the California Housing Finance Fund.

41805. For the purposes of carrying out the provisions of this part, the Director of Finance may by executive order authorize the withdrawal from the General Fund of an amount or amounts not to exceed the amount of the unsold bonds which have been authorized to be sold for the purposes specified in Section 41801. Any amounts withdrawn shall be deposited in the General Obligation Bond Account in the California Housing Finance Fund, and any moneys made available in such a manner shall be returned to the General Fund from moneys received from the sale of bonds sold for such purposes.

41806. The proceeds of bonds issued and sold pursuant to this part shall be deposited in the General Obligation Bond Account in the California Housing Finance Fund and may be expended only for the purposes specified in this division. Any interest or other increment resulting from the deposit or investment of moneys in the General Obligation Bond Account shall be deposited in such account. Moneys derived by the agency from financing housing developments with the proceeds of bonds issued pursuant to this part shall be deposited in such account. Notwithstanding any other provision of this division, moneys in the General Obligation Bond Account, and moneys, property, and mortgages derived therefrom, shall not be pledged to secure any obligation of the agency created pursuant to Chapter 7 (commencing with Section 41700) of Part 3 of this division.

41807. On the several dates on which funds are remitted pursuant to Section 16676 of the Government Code for the payment of the then maturing principal and interest on the bonds in each fiscal year, there shall be returned into the General Fund in the State Treasury moneys from the General Obligation Bond Account in the California Housing Finance Fund in an amount which is sufficient for the payment of principal and interest on the bonds then due and payable, if, and to the extent that, the transfer of such moneys from the General Obligation Bond Account in the California Housing Finance Fund will not unreasonably impair the working capital of the California Housing Finance Agency. In the event moneys transferred from the General Obligation Bond Account in the California Housing Finance Fund to the General Fund on such remittance dates are less than the principal and interest then due and payable with respect to the bonds, then the balance remaining unpaid, together with interest thereon at the rate borne by such bonds compounded semiannually from the date of maturity, shall be returned into the General Fund out of the General Obligation Bond Account in the California Housing Finance Fund as soon thereafter as it shall become available, without unreasonable impairment of the working capital of the agency.

41808. The bonds authorized by this part shall be prepared, executed, issued, sold, paid and redeemed as provided in the State General Obligation Bond Law, Chapter 4 (commencing with Section 16720) of Part 3, Division 4, Title 2 of the Government Code, and all of the provisions of that law are applicable to the bonds and to this part, and are hereby incorporated in this part as though set forth in full herein.

41809. As used in this part and for purposes of the State General Obligation Bond Law, Chapter 4 (commencing with Section 16720) of Part 3, Division 4, Title 2 of the Government Code, the following terms shall have the following meanings:

(a) "Bond" means a state general obligation bond issued pursuant to this part and known as a state housing finance bond.

(b) "Board" means the Board of Directors of the California Housing Finance Agency.

(c) "Committee" means the California Housing Finance Credit Committee created by Section 41707.

(d) "Fund" means the General Obligation Bond Account in the California Housing Finance Fund created by Section 41804.5.

SEC. 5. A special election is hereby called to be held throughout the state on the eighth day of June, 1976. The special election shall be consolidated with the direct primary election to be held on that date. The consolidated election shall be held and conducted in all respects as if there were only one election and only one form of ballot shall be used Except as otherwise provided in this act, all of the provisions of law relating to the submission of measures proposed by the Legislature shall apply to the measure submitted pursuant to this act. A ballot pamphlet shall be prepared, compiled and distributed relating to the Housing Finance Bond Law of 1975 as set forth in Part 4 (commencing with Section 41800) of Division 31 of the Health and Safety Code, as proposed by this act. The Secretary of State shall distribute the ballot pamphlets to the county clerks not later than 45 days before the election, and the county clerks shall commence to mail such pamphlets to the voters not less than 15 days before the election. The distribution of ballot pamphlets in all respects shall be conducted in accordance with the provisions of Section 3573 of the Elections Code.

SEC. 6. At the special election called by this act there shall be submitted to the electors Part 4 (commencing with Section 41800) of Division 31 of the Health and Safety Code, as proposed in this act. All provisions of this act shall control the submission of Part 4 (commencing with Section 41800) of Division 31 of the Health and Safety Code, as proposed by this act, and the holding of, the special election called by this act.

SEC. 7. Upon the effective date of this section, arguments for and against the measure hereby ordered submitted to the electors shall be prepared in time, form and manner as provided in Article 1 8 (commencing with Section 3527) of Chapter 1 of Division 4 of the Elections Code.

SEC. 8. The special election provided for in this act shall be proclaimed, held, conducted, the ballots shall be prepared, marked, collected, counted and canvassed and the results shall be ascertained and the returns thereof made in all respects in accordance with the

provisions of the Constitution applicable thereto and the law governing primary elections insofar as provisions thereof are applicable to the election provided for in this act; provided, however, that the Governor need not issue his election proclamation until 30 days before the election.

SEC. 9. Notwithstanding any other provision of law, all ballots at said election shall have printed thereon and in a square thereof, the words: "For the Housing Finance Bond Law of 1975" and in the same square under said words the following in eight-point type: "This act provides for a bond issue of five hundred million dollars (\$500,000,000) to provide funds for financing housing." In the square immediately below the square containing such words, there shall be printed on said ballot the words, "Against the Housing Finance Bond Law of 1975," and in the same square immediately below said words, in eight-point type shall be printed "This act provides for a bond issue of five hundred million dollars (\$500,000,000) to provide funds for financing housing." Opposite the words "For the Housing Finance Bond Law of 1975," and "Against the Housing Finance Bond Law of 1975," there shall be left spaces in which the voters may place a cross in the manner required by law to indicate whether they vote for or against said act, and those voting for said act shall do so by placing a cross opposite the words, "For the Housing Finance Bond Law of 1975," and those voting against the act shall do so by placing a cross opposite the words "Against the Housing Finance Bond Law of 1975," provided, that where the voting of such election is done by means of voting machines used pursuant to law in such manner as to carry out the intent of this section, such use of such voting machines and the expression of the voters' choice by means thereof, shall be deemed to comply with the provisions of this section. The Governor of this state shall include the submission of this act to the people, as aforesaid, in his proclamation for such election.

SEC. 10. The votes cast for or against the Housing Finance Bond Law of 1975 shall be counted, returned and canvassed and declared in the same manner and subject to the same rules as votes cast for state officers; and if it appears that said act shall have received a majority of all the votes cast for and against it at said election as aforesaid, then the same shall have effect as hereinbefore provided, and shall be irrevocable until the principal and interest of the liabilities herein created shall be paid and discharged; but if a majority of the votes cast as aforesaid are against the Housing Finance Bond Law of 1975 then the same shall be and become void.

SEC. 11. Upon the effective date of this section the Secretary of State shall request the Legislative Analyst to prepare an analysis of the measure in accordance with Section 88003 of the Government Code. Such analysis shall be filed with the Secretary of State within the time specified in the Elections Code.

SEC. 12. Section 8 of Chapter 1222 of the Statutes of 1965 is repealed.

SEC. 13. It is the intent of the Legislature that Section 12 of this act shall have the effect of making the transfer of the Division of Housing and of other functions to the Department of Housing and Community Development by Chapter 1222 of the Statutes of 1965 permanent and that the status, position, and rights of persons serving



in the state civil service and employed by the Commission of Housing and Community Development or the Department of Housing and Community Development shall continue to be retained by them pursuant to the State Civil Service Act (Part 2 (commencing with Section 18500) of Division 5 of Title 2 of the Government Code).

SEC 14. The sum of ten million seven hundred fifty thousand dollars (\$10,750,000) is hereby appropriated from the General Fund according to the following schedule.

- (a) To the California Housing Finance Agency for its initial expenses. . . . . \$750,000
- (b) For transfer to the Bond Security Account in the California Housing Finance Fund . . . . . \$10,000,000

Such moneys shall constitute, and be accounted for, as advances to the agency and a like amount shall be repaid to the General Fund in the State Treasury, without interest, from all available operating revenues of the California Housing Finance Agency in excess of amounts required for the payment or securing of bonds or other obligations of the agency or for its current operating expenses. Moneys advanced pursuant to subdivision (a) of this section shall be repaid from such revenues not later than January 1, 1986."

**Amendment 2**

On page 5, strike out lines 2 to 6, inclusive, and strike out pages 6 to 107, inclusive.

The roll was called, and the Assembly refused to concur in the above Senate amendments to Assembly Bill No 1 by the following vote.

**AYES—4**

Cullen	Maddy	Nestande	Thomas, Vincent
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**NOES—61**

Alatorre	Chimbole	Keene	Priolo
Antonovich	Cline	Keyser	Ralph
Ainett	Collier	Knox	Robinson
Badham	Davis	Lanterman	Rosenthal
Bannai	Deddeh	Lockyer	Siegler
Berman	Dixon	McAlister	Suitt
Boatwright	Fenton	McVittie	Thuman
Briggs	Foran	Meade	Tories
Brown	Garamendi	Miller	Vasconcellos
Burke	Goggin	Mobley	Vicencia
Calvo	Greene	Montoya	Watren
Campbell	Guileo	Mori	Wilson
Carpenter	Hayden	Nimmo	Wornum
Chacon	Ingalls	Papan	Z'heig
Chappie	Kupiloff	Perino	Mr Speaker
Chel			

**MOTION TO SUSPEND JOINT RULE 28.1**

Mr Chacon moved that Joint Rule 28.1 be suspended to permit Senator Behr to be appointed to the Conference Committee on Assembly Bill No. 1.

Joint Rule 28.1 as it relates to Assembly Bill No. 1 suspended by the following vote

**AYES—63**

Alatorre	Cline	Keene	Prilo
Antonovich	Collier	Keysor	Ralph
Arnett	Cullen	Knov	Siegler
Badham	Davis	Launcester	Sieroty
Banna	Deedeh	Lanterman	Suitt
Berman	Dixon	Lockey	Thomas, Vincent
Beverly	Duffy	Maddy	Thurman
Boutwright	Fenton	McAlister	Torres
Briggs	Foran	McYittie	Vasconcellos
Brown	Garamendi	Meade	Vicencia
Calvo	Goggin	Miller	Warren
Carpenter	Greene	Molsley	Wilson
Chacon	Gualco	Mori	Wornum
Chappie	Hayden	Nimmo	Z'berg
Chel	Ingalls	Papan	Mr Speaker
Chimbole	Kapiloff	Perino	

**NOES—None****APPOINTMENT OF COMMITTEE ON CONFERENCE CONCERNING ASSEMBLY BILL NO. 1**

The Speaker appointed Messrs Chacon, Foran, and Nestande as a Committee on Conference concerning Assembly Bill No. 1.

**CONSIDERATION OF DAILY FILE (RESUMED)****THIRD READING OF SENATE BILLS**

**Senate Bill No. 2**—An act to add Division 31 (commencing with Section 41000) to, and to repeal Part 8 (commencing with Section 37000) of Division 24 of, the Health and Safety Code, and to repeal Section 8 of Chapter 1222 of the Statutes of 1965, relating to housing, and making an appropriation therefor, and providing for the preparation, issuance, and sale of state bonds to create a fund to be used by the California Housing Finance Agency to make loans for financing housing developments, and providing for the submission of the bond measure to the people at a special election to be consolidated with the 1976 direct primary election.

Bill read third time, and presented by Mr. Chacon  
 Bill passed by the following vote:

**AYES—63**

Alatorre	Dixon	Lauterman	Rosenthal
Arnett	Duffy	Lewis	Siegler
Bunnai	Egeland	Locker	Sietoty
Berman	Fenton	Maddy	Smitt
Beverly	Folan	McAlister	Thomas, Vincent
Boatwright	Garamendi	McVittie	Thomas, William
Brown	Goggin	Meade	Thurman
Cahio	Greene	Miller	Torres
Carpenter	Gualeo	Mobley	Vasconcellos
Chacon	Hait	Montoya	Vicencia
Chappe	Hayden	Mori	Warren
Chel	Ingalls	Nimmo	Wilson
Chimbole	Kapiloff	Papan	Wornum
Cullen	Keene	Permo	Z'berg
Davis	Keyser	Ralph	Mr. Spenker
Deddeh	Knox	Robinson	

**NOES—3**

Antonovich	Biggs	Campbell	McLennan
Badham	Burke	Clue	Nestande

Bill ordered transmitted to the Senate.

**VOTE CHANGES**

The following Member was granted unanimous consent to record his vote:

On concurrence in Senate amendments to Assembly Bill No. 1 Mr. Miller, "No".

**ADJOURNMENT**

At 3:19 p.m., Speaker McCarthy declared the Assembly adjourned until 11 a.m., Friday, May 30, 1975.

LEO T. MCCARTHY, Speaker

ANABEL FLEURY, Minute Clerk



CALIFORNIA LEGISLATURE

1975-76 FIRST EXTRAORDINARY SESSION

ASSEMBLY DAILY JOURNAL

FIFTY-SIXTH LEGISLATIVE DAY  
ONE HUNDRED THIRD CALENDAR DAY

IN ASSEMBLY

Assembly Chamber, Sacramento  
Friday, May 30, 1975

The Assembly met at 2 32 p m  
Hon Leo T McCarthy, Speaker of the Assembly presiding  
Chief Clerk James D Driscoll at the Desk  
Assistant Clerk Ray Monday reading

ROLL CALL

The roll was called, and the following answered to their names—74

Alatorre	Clune	Keyser	Piolo
Antonovich	Collier	Knob	Ralph
Arnett	Cullen	Lancaster	Robinson
Badham	Davis	Lanternman	Rosenthal
Bane	Deddeh	Lewis	Siegler
Bannai	Dixon	Lockyer	Siegler
Berman	Duffy	Maddy	Stitt
Bevelly	Egeland	McAlister	Thomas, Vincent
Boatwright	Fenton	McLennan	Thomas, William
Briggs	Foran	McVittie	Thurman
Brown	Garamendi	Miller	Tories
Buike	Goggin	Mobley	Vasconcellos
Calvo	Greene	Moutoya	Vicencia
Campbell	Gualco	Mori	Warren
Carpenter	Hait	Nestande	Wilson
Chacon	Hayden	Nimmo	Worrum
Chappie	Ingalls	Papan	Zberg
Chel	Kapiloff	Perino	Mr Speaker
Chimhole	Keene		

Quorum present

**PRAYER**

The following prayer was offered by the Chaplain Father Leo McAllister:

*God, Our Father, It is our hoped for goal, as well as our prayer, for your help to establish a civilization founded on world solidarity*

*Help us to begin a dialogue based on man and not on commodities or technical skills. May we work with and in organizations whose goal is to establish an order of peace and justice which is universally recognized. Help us to look on all people, not just some, as brothers and sisters*

Each step in this direction is one more step closer to You, God  
—AMEN

**PLEDGE OF ALLEGIANCE TO THE FLAG**

Upon request of Speaker McCarthy, Mr Collier then led the Assembly in the pledge of allegiance to the Flag

**READING OF THE JOURNAL DISPENSED WITH**

By unanimous consent, reading of the Journal of the previous legislative day was dispensed with

**LEAVES OF ABSENCE FOR THE DAY**

The following Members were granted leaves of absence for the day, because of illness

Mr Craven, on request of Speaker pro Tempore Papan

Mr Tucker, on request of Speaker pro Tempore Papan

The following Member was granted leave of absence for the day, on legislative business

Mr Meade, on request of Speaker pro Tempore Papan

The following Members were granted leaves of absence for the day on committee business, and desired to waive their per diem

Mr MacDonald, on request of Speaker pro Tempore Papan

Mr Murphy, on request of Speaker pro Tempore Papan

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**NOTE** For letter explaining the absence of Mr Meade on this day on legislative business pursuant to the Assembly Rules see Assembly Daily Journal for the Regular Session for this day

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**ADJOURNMENT**

At 2:33 p.m., Speaker McCarthy declared the Assembly adjourned until 9 a.m. Monday, June 2, 1975

LEO T. McCARTHY, Speaker

ANABEL FLEURY, Minute Clerk

## CALIFORNIA LEGISLATURE

1975-76 FIRST EXTRAORDINARY SESSION

**ASSEMBLY DAILY JOURNAL**FIFTY-SEVENTH LEGISLATIVE DAY  
ONE HUNDRED SIXTH CALENDAR DAY**IN ASSEMBLY**Assembly Chamber, Sacramento  
Monday, June 2, 1975

The Assembly met at 12 21 p m

Hon Leo T McCarthy, Speaker of the Assembly, presiding

Chief Clerk James D Driscoll at the Desk

Assistant Clerk Ray Monday reading

**ROLL CALL**

The roll was called, and the following answered to their names—77

Alatorre	Collier	Knox	Petito
Antonovich	Craven	Lancaster	Priolo
Arnett	Cullen	Lauterman	Ralph
Badham	Davis	Lewis	Robinson
Bane	Deddeh	Lockyer	Rosenthal
Banna	Dixon	MacDonald	Siegler
Berman	Duffy	Maddy	Sierofy
Beverly	Egeland	McAlister	Suitt
Boatwright	Fenton	McLeman	Thomas, Vincent
Briggs	Foran	McVittie	Thomas, William
Brown	Garamendi	Meade	Thurman
Burke	Greene	Miller	Torres
Calo	Gualico	Mobley	Vasconcellos
Campbell	Hart	Montoya	Vicencio
Carpenter	Hayden	Mori	Warren
Chacon	Ingalls	Murphy	Wilson
Chappie	Kaploff	Nestande	Wornum
Chel	Kerne	Nimmo	Z'berg
Chimbole	Keysor	Papan	Mr Speaker
Cline			

Quorum present

**PRAYER**

The following prayer was offered by the Chaplain, Father Leo McAllister

*Heavenly Father, As we begin each day to examine issues and discuss proposals, never let us be so distracted by the argument and rhetoric as to forget that we are dealing with the lives and living patterns of human beings, those who have, and have not, but all possessing an indescribable dignity and destiny —AMEN.*

**PLEDGE OF ALLEGIANCE TO THE FLAG**

Upon request of Speaker McCarthy, Mr Deddeh then led the Assembly in the pledge of allegiance to the Flag

**MOTION TO DISPENSE WITH READING OF THE JOURNAL**

Further reading of the Journal of the previous legislative day was dispensed with on motion of Mr Deddeh, seconded by Mr Murphy

**LEAVES OF ABSENCE FOR THE DAY**

The following Members were granted leaves of absence for the day, because of illness:

Mr Goggin, on request of Speaker McCarthy

Mr Tucker, on request of Speaker McCarthy

**RECESS**

At 12 22 p m , Speaker McCarthy declared the Assembly recessed

**REASSEMBLED**

At 2 46 p m , the Assembly reconvened

Hon Leo T McCarthy, Speaker of the Assembly, presiding

**MESSAGES FROM THE SENATE**

June 2, 1975

*Hon James D Driscoll*

*Chief Clerk, Assembly Chamber*

Dear Jim The Senate on this day suspended Joint Rule 281 to permit Senator Behr to be appointed to the Conference Committee on AB 1 of the 1975-76 First Extraordinary Session

Very truly yours,

**DARRYL R WHITE**  
Secretary of the Senate

Senate Chamber June 2, 1975

Mr Speaker I am directed to inform your honorable body that the Senate appointed Senators Zenovich, Moscone, and Behr as a Committee on Conference concerning

**Assembly Bill No. 1**

**DARRYL R WHITE**, Secretary of the Senate  
By John W Royane, Chief Assistant Secretary

Senate Chamber June 2, 1975

Mr Speaker I am directed to inform your honorable body that the Senate on this day respectfully refused to concur in Assembly amendments to

**Senate Bill No. 2**

And appointed Senators Zenovich, Moscone and Behr, as a Committee on Conference to meet a like committee from the Assembly

**DARRYL R WHITE**, Secretary of the Senate  
By John W Royane, Chief Assistant Secretary

**ADJOURNMENT**

At 2 47 p m , Speaker McCarthy declared the Assembly adjourned until 9 a m , Tuesday, June 3, 1975

**LEO T MCCARTHY**, Speaker

**ANABEL FLEURY**, Minute Clerk



## CALIFORNIA LEGISLATURE

1975-76 FIRST EXTRAORDINARY SESSION

## ASSEMBLY DAILY JOURNAL

FIFTY-EIGHTH LEGISLATIVE DAY

ONE HUNDRED SEVENTH CALENDAR DAY

## IN ASSEMBLY

Assembly Chamber, Sacramento  
Tuesday, June 3, 1975

The Assembly met at 10 26 a.m.

Hon. Louis J. Papan, Speaker pro Tempore of the Assembly, presiding.

Chief Clerk James D. Driscoll at the Desk.

Assistant Clerk Ray Monday reading.

## ROLL CALL

The roll was called, and the following answered to their names—76

Antonovich	Collier	Knox	Pelino
Arnett	Craven	Lancaster	Piolo
Badham	Cullen	Lauterman	Ralph
Bane	Davis	Lewis	Robinson
Bannai	Deddeh	Lockyer	Rosenthal
Berman	Dixon	MacDonald	Siegler
Beverly	Duffy	Maddy	Sieroty
Boatwright	Fenton	McAbstot	Sutt
Briggs	Forn	McLennan	Thomas, Vincent
Brown	Garamendi	McVittie	Thomas, William
Burke	Goggin	Meade	Thurman
Calvo	Greene	Miller	Totus
Campbell	Gualco	Mobley	Vasconcellos
Carpenter	Hart	Montoya	Vicencia
Chacon	Hayden	Mori	Warren
Chappie	Ingalis	Murphy	Wilson
Chel	Kapiloff	Nestande	Worrum
Chimbole	Keene	Nimmo	Z'berg
Chne	Keyser	Papan	Mr. Speaker

Quorum present

## REGULAR BUSINESS DISPENSED WITH

By unanimous consent, the regular order of business of the Assembly was dispensed with for this legislative day.

**LEAVES OF ABSENCE FOR THE DAY**

The following Member was granted leave of absence for the day, because of illness:

Mr. Tucker, on request of Speaker pro Tempore Papan.

The following Member was granted leave of absence for the day, on legislative business, and desired to waive her per diem:

Mrs. Egeland, on request of Speaker pro Tempore Papan.

The following Member was granted leave of absence for the day, on personal business, and desired to waive his per diem:

Mr. Alatorre, on request of Speaker pro Tempore Papan.

**APPOINTMENT OF COMMITTEE ON CONFERENCE CONCERNING  
SENATE BILL NO. 2**

The Speaker pro Tempore appointed Messrs. Chacon, Foran, and Nestande as a Committee on Conference concerning Senate Bill No. 2.

**RECESS**

At 10 27 a m, Speaker pro Tempore Papan declared the Assembly recessed.

**REASSEMBLED**

At 2 45 p m, the Assembly reconvened.

Hon. Louis J. Papan, Speaker pro Tempore of the Assembly, presiding.

**ADJOURNMENT**

At 2 46 p.m., Speaker pro Tempore Papan declared the Assembly adjourned until 9 a.m., Wednesday, June 4, 1975.

LEO'T McCARTHY, Speaker

ANABEL FLEURY, Minute Clerk

## CALIFORNIA LEGISLATURE

1975-76 FIRST EXTRAORDINARY SESSION

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**ASSEMBLY DAILY JOURNAL**


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FIFTY-NINTH LEGISLATIVE DAY  
ONE HUNDRED EIGHTH CALENDAR DAY

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**IN ASSEMBLY**


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Assembly Chamber, Sacramento  
Wednesday, June 4, 1975

The Assembly met at 10 13 a m

Hon. Louis J Papan, Speaker pro Tempore of the Assembly, presiding.

Chief Clerk James D Driscoll at the Desk

Assistant Clerk Ray Monday reading

**ROLL CALL**

The roll was called, and the following answered to their names--75

Alatorre	Cline	Keyser	Papan
Antonovich	Collier	Knox	Perino
Ainett	Craven	Lancaster	Priolo
Badham	Cullen	Lanterman	Ralph
Bane	Davis	Lewis	Rosenthal
Bannai	Deddeh	Lockyer	Siegler
Bezman	Dixon	MacDonald	Sieroty
Beverly	Duffy	Maddy	Stutt
Boutwright	Fenton	McAlister	Thomas Vincent
Briggs	Folan	McLennan	Thomas William
Brown	Garamendi	McVittie	Thurman
Burke	Goggin	Meade	Tortes
Calvo	Greene	Miller	Vicenna
Campbell	Gualeo	Mobley	Wayen
Carpenter	Hart	Montoya	Wilson
Chacon	Hayden	Mori	Wornum
Chappie	Ingalls	Murphy	Z'berg
Chel	Kapiloff	Nesfande	Mr Speaker
Chimbole	Keene	Nimmo	

Quorum present

**REGULAR BUSINESS DISPENSED WITH**

By unanimous consent, the regular order of business of the Assembly was dispensed with for this legislative day

**LEAVES OF ABSENCE FOR THE DAY**

The following Member was granted leave of absence for the day, because of illness:

Mr. Tucker, on request of Speaker pro Tempore Papan

The following Member was granted leave of absence for the day, on legislative business, and desired to waive her per diem

Mrs. Egeland, on request of Speaker pro Tempore Papan

The following Members were granted leaves of absence for the day, on personal business, and desired to waive their per diem

Mr. Robinson, on request of Speaker pro Tempore Papan

Mr. Vasconcellos, on request of Speaker pro Tempore Papan

**RECESS**

At 10.14 a.m., Speaker pro Tempore Papan declared the Assembly recessed

**REASSEMBLED**

At 2.45 p.m., the Assembly reconvened

Hon. Louis J. Papan, Speaker pro Tempore of the Assembly, presiding.

**ADJOURNMENT**

At 2.46 p.m., Speaker pro Tempore Papan declared the Assembly adjourned until 1 p.m., Thursday, June 5, 1975

LEO T. McCARTHY, Speaker

ANABEL FLEURY, Minute Clerk

## CALIFORNIA LEGISLATURE

1975-76 FIRST EXTRAORDINARY SESSION

## ASSEMBLY DAILY JOURNAL

SIXTIETH LEGISLATIVE DAY  
ONE HUNDRED NINTH CALENDAR DAY

## IN ASSEMBLY

Assembly Chamber, Sacramento  
Thursday, June 5, 1975

The Assembly met at 5:16 p.m.

Hon. Leo T. McCarthy, Speaker of the Assembly, presiding.

Chief Clerk James D. Driscoll at the Desk.

Assistant Clerk Ray Monday reading.

## ROLL CALL

The roll was called, and the following answered to their names--77.

Alatorre	Craven	Knox	Perino
Antonovich	Cullen	Lancaster	Priolo
Arnett	Davis	Lanterman	Ralph
Badham	Deddeh	Lewis	Robinson
Bane	Dixon	Lockyer	Rosenthal
Bannai	Duffy	MacDonald	Siegler
Berman	Egeland	Muddy	Steroty
Beverly	Fenton	McAlister	Suitt
Boatwright	Foran	McLennan	Thomas, Vincent
Brown	Garamendi	McVittie	Thomas, William
Buike	Goggin	Meade	Thurman
Calvo	Greene	Miller	Tories
Campbell	Gualco	Mobley	Vasconcellos
Carpenter	Hart	Montoya	Vicencia
Chacon	Hayden	Mori	Warren
Chapple	Ingalls	Murphy	Wilson
Chel	Kaploff	Nestande	Worum
Chimbole	Keene	Nimmo	Z'berg
Cline	Keysor	Papan	Mr. Speaker
Collier			

Quorum present.

**PRAYER**

Upon invitation of **Speaker McCarthy**, the following prayer was offered by the Honorable **Larry Chimbole**, Member, 34th District:

*Dear Father*, We give You thanks for this new day . . . for the new horizons; for the opportunity to deal with the future of our great state. Help us to forget the failures and the frustrations of yesterday . . . help us to forgive the sins and weaknesses of our fellow men and women and make it easier for us to recognize that we, too, are guilty of those same weaknesses and sins.

Give us the strength to serve our people in a manner that is just in their eyes as well as in Yours . . . give us the vision and the wisdom to make the right decisions and help us to do it with the grace that only a generous heart can inspire.—AMEN.

**PLEDGE OF ALLEGIANCE TO THE FLAG**

Upon request of **Speaker McCarthy**, **Mr. Priolo** then led the Assembly in the pledge of allegiance to the Flag.

**MOTION TO DISPENSE WITH READING OF THE JOURNAL**

Further reading of the *Journal* of the previous legislative day was dispensed with on motion of **Mr. Hart**, seconded by **Mr. Priolo**.

**LEAVES OF ABSENCE FOR THE DAY**

The following Member was granted leave of absence for the day, because of illness:

**Mr. Tucker**, on request of **Speaker McCarthy**.

The following Member was granted leave of absence for the day, on personal business, and desired to waive his *per diem*:

**Mr. Briggs**, on request of **Speaker McCarthy**

**ADJOURNMENT**

At 5:17 p. m., **Speaker McCarthy** declared the Assembly adjourned until 11 a. m., Friday, June 6, 1975.

**LEO T. McCARTHY**, Speaker

**ANABEL FLEURY**, Minute Clerk

## CALIFORNIA LEGISLATURE

1975-76 FIRST EXTRAORDINARY SESSION

**ASSEMBLY DAILY JOURNAL**SIXTY-FIRST LEGISLATIVE DAY  
ONE HUNDRED TENTH CALENDAR DAY**IN ASSEMBLY**Assembly Chamber, Sacramento  
Friday, June 6, 1975

The Assembly met at 3:21 p.m.  
 Hon. Leo T. McCarthy, Speaker of the Assembly, presiding  
 Chief Clerk James D. Driscoll at the Desk  
 Assistant Clerk Ray Monday reading.

**ROLL CALL**

The roll was called, and the following answered to their names—78:

Alatorre	Collier	Knox	Perno
Antonovich	Craven	Lancaster	Prilo
Arnett	Cullen	Lanterman	Ralph
Badham	Davis	Lewis	Robinson
Bane	Deddeh	Lockyer	Rosenthal
Banna	Dixon	MacDonald	Siegler
Berman	Duffy	Maddy	Sieroty
Beverly	Egeland	McAlister	Sutt
Bowright	Fenton	McLennan	Thomas, Vincent
Biggs	Foran	McVittie	Thomas, William
Brown	Garamendi	Mende	Thurman
Burke	Goggin	Miller	Tories
Calvo	Greene	Mobley	Va-concellos
Campbell	Gualco	Moutoya	Vicencia
Carpenter	Hart	Mori	Warren
Chacon	Hayden	Murphy	Wilson
Chappie	Ingalls	Nestande	Wornum
Chel	Kapiloff	Nimmo	Z'berg
Chimbole	Keene	Papan	Mr. Speaker
Cline	Keysor		

Quorum present.

**PRAYER**

The following prayer was offered by the Chaplain, Father Leo McAllister.

*God*, Please show us that the impossible is possible, that we, however old and great we may be, can become little and born again.

Show us that we can become open and understanding, that we, too, can heal and bind up.

Show us that fears can be allayed and that there can be peace on earth and in our hearts. Show us that justice can be done, hunger appeased, bread broken and joy shared among men and women.

This is what Your prophets have foretold. Hasten the time and establish Your future—**AMEN**.

**PLEDGE OF ALLEGIANCE TO THE FLAG**

Upon request of Speaker McCarthy, Mr Chimbole then led the Assembly in the pledge of allegiance to the Flag.

**READING OF THE JOURNAL DISPENSED WITH**

By unanimous consent, reading of the Journal of the previous legislative day was dispensed with.

**LEAVES OF ABSENCE FOR THE DAY**

The following Member was granted leave of absence for the day, because of illness:

Mr Tucker, on request of Speaker McCarthy.

**ADJOURNMENT**

At 3:22 p.m., Speaker McCarthy declared the Assembly adjourned until 9 a.m., Monday, June 9, 1975.

LEO T. McCARTHY, Speaker

ANABEL FLEURY, Minute Clerk



## CALIFORNIA LEGISLATURE

1975-76 FIRST EXTRAORDINARY SESSION

## ASSEMBLY DAILY JOURNAL

SIXTY-SECOND LEGISLATIVE DAY  
ONE HUNDRED THIRTEENTH CALENDAR DAY

## IN ASSEMBLY

Assembly Chamber, Sacramento  
Monday, June 9, 1975

The Assembly met at 12:36 p.m.

Hon. Leo T. McCarthy, Speaker of the Assembly, presiding.

Chief Clerk James D. Driscoll at the Desk.

Assistant Clerk Ray Monday reading

## ROLL CALL

The roll was called, and the following answered to their names—79.

Alatorre	Colher	Knox	Priolo
Antonovich	Craven	Lancaster	Ralph
Arnett	Cullen	Lanterman	Robinson
Badham	Davis	Lewis	Rosenthal
Bane	Deddeh	Lockyer	Siegler
Bannai	Dixon	McDonald	Sieroty
Berman	Duffy	Maddy	Suitt
Beverly	Egeland	McAlister	Thomas, Vincent
Boatwright	Fenton	McLennan	Thomas, William
Briggs	Foran	McVittie	Thurman
Brown	Garamendi	Meade	Torres
Burke	Goggin	Miller	Tucker
Calvo	Greene	Mohley	Vasconcellos
Campbell	Gualco	Montoya	Vicencia
Carpenter	Hart	Mori	Warren
Chacon	Hayden	Murphy	Wilson
Chappie	Ingalls	Nestande	Wornum
Chel	Kapiloff	Nimmo	Z'berg
Chimhole	Keene	Papan	Mr Speaker
Clue	Keysor	Perino	

Quorum present.

## PRAYER

The following prayer was offered by the Chaplain, Father Leo McAllister:

*Father*, Help us to welcome each day as if it were our first, so that we may have enthusiasm in our souls, excitement in our hearts and warmth in our dispositions.

Help us to welcome each day as if it were our last, so that we may have an urgency in our efforts, a deep concern for the world in our minds and the peace and love of God in our hearts—AMEN.

**PLEDGE OF ALLEGIANCE TO THE FLAG**

Upon request of Speaker McCarthy, Mr. Hayden then led the Assembly in the pledge of allegiance to the Flag.

**MOTION TO DISPENSE WITH READING OF THE JOURNAL**

Further reading of the Journal of the previous legislative day was dispensed with on motion of Mr. Beverly, seconded by Mr. Miller.

**RECESS**

At 12:37 p m., Speaker McCarthy declared the Assembly recessed

**REASSEMBLED**

At 2:45 p m., the Assembly reconvened.

Hon. Leo T. McCarthy, Speaker of the Assembly, presiding

**ADJOURNMENT**

At 2:46 p m., Speaker McCarthy declared the Assembly adjourned until 9 a.m., Tuesday, June 10, 1975.

LEO T. McCARTHY, Speaker

ANABEL FLEURY, Minute Clerk

## CALIFORNIA LEGISLATURE

1975-76 FIRST EXTRAORDINARY SESSION

**ASSEMBLY DAILY JOURNAL**SIXTY-THIRD LEGISLATIVE DAY  
ONE HUNDRED FOURTEENTH CALENDAR DAY**IN ASSEMBLY**Assembly Chamber, Sacramento  
Tuesday, June 10, 1975

The Assembly met at 10 08 a.m.

Hon Robert P. Nimmo, Member of the Assembly, 29th District,  
presiding.

Chief Clerk James D. Driscoll at the Desk.

Assistant Clerk Ray Monday reading.

**ROLL CALL**

The roll was called, and the following answered to their names—74

Alatorre	Collier	Knox	Papan
Antonovich	Craven	Lancaster	Perino
Arnett	Cullen	Lanterman	Piolo
Badham	Davis	Lewis	Ralph
Bane	Deddeh	Lockyer	Rosenthal
Banna	Dixon	MacDonald	Siegler
Berman	Duffy	Maddy	Sieroty
Beverly	Egeland	McAlister	Switt
Boatwright	Fenton	McLennan	Thomas, Vincent
Brown	Foran	McVittie	Thomas, William
Burke	Garamendi	Mende	Thurman
Calvo	Goggin	Miller	Vasconcellos
Campbell	Greene	Mobley	Vicencia
Carpenter	Gualco	Montoya	Warren
Chacon	Hart	Mori	Wilson
Chappie	Hajden	Murphy	Wornum
Chel	Kapiloff	Nestande	Z'berg
Chimbole	Keene	Nimmo	Mr. Spenker
Chne	Keenor		

Quorum present

**REGULAR BUSINESS DISPENSED WITH**By unanimous consent, the regular order of business of the Assembly  
was dispensed with for this legislative day.

**LEAVES OF ABSENCE FOR THE DAY**

The following Members were granted leaves of absence for the day, because of illness:

Mr. Briggs, on request of Acting Speaker Nimmo

Mr. Ingalls, on request of Acting Speaker Nimmo.

Mr. Tucker, on request of Acting Speaker Nimmo

The following Members were granted leaves of absence for the day, on personal business, and desired to waive their per diem.

Mr. Robinson, on request of Acting Speaker Nimmo.

Mr. Torres, on request of Acting Speaker Nimmo.

**RECESS**

At 10-09 a.m., Acting Speaker Nimmo declared the Assembly recessed.

**REASSEMBLED**

At 2-45 p.m., the Assembly reconvened

Hon. Robert P. Nimmo, Member of the Assembly, 29th District, presiding.

**ADJOURNMENT**

At 2:46 p.m., Acting Speaker Nimmo declared the Assembly adjourned until 9 a.m., Wednesday, June 11, 1975.

LEO T McCARTHY, Speaker

ANABEL FLEURY, Minute Clerk

## CALIFORNIA LEGISLATURE

1975-76 FIRST EXTRAORDINARY SESSION

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**ASSEMBLY DAILY JOURNAL**

SIXTY-FOURTH LEGISLATIVE DAY  
ONE HUNDRED FIFTEENTH CALENDAR DAY

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**IN ASSEMBLY**


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Assembly Chamber, Sacramento  
Wednesday, June 11, 1975

The Assembly met at 10 26 a.m.  
Hon William Thomas, Member of the Assembly, 33rd District, pre-  
siding

Chief Clerk James D. Driscoll at the Desk.  
Assistant Clerk Ray Monday reading.

**ROLL CALL**

The roll was called, and the following answered to their names—75

Antonovich	Colher	Knox	Priolo
Arnett	Craven	Lancaster	Ralph
Budham	Cullen	Lanterman	Robinson
Bane	Davis	Lewis	Rosenthal
Bannai	Deedeh	Locky et	Siegler
Berman	Dixon	MacDonald	Sieroty
Béerly	Duffy	Maddy	Snitt
Boatwright	Egeland	McAhter	Thomas, Vincent
Briggs	Fenton	McVittie	Thomas, William
Brown	Foran	Mende	Thurman
Burke	Garamendi	Miller	Torres
Calvo	Goggin	Mohley	Vasconcellos
Campbell	Greene	Montoya	Vicencia
Carpenter	Gualco	Mori	Warren
Chacon	Hart	Murphy	Wilson
Chappie	Hayden	Nestande	Wornum
Chel	Ingalls	Nimmo	Z'berg
Chimhole	Kapiloff	Papan	Mr Speaker
Clint	Keene	Perino	

Quorum present.

**REGULAR BUSINESS DISPENSED WITH**

By unanimous consent, the regular order of business of the Assembly was dispensed with for this legislative day.

**LEAVES OF ABSENCE FOR THE DAY**

The following Members were granted leaves of absence for the day, because of illness:

Mr. Alatorre, on request of Acting Speaker William Thomas  
Mr. Tucker, on request of Acting Speaker William Thomas.

The following Member was granted leave of absence for the day, on personal business, and desired to waive his per diem:

Mr. Keysor, on request of Acting Speaker William Thomas.

The following Member was granted leave of absence for the day, because of a death in his family:

Mr. McLennan, on request of Acting Speaker William Thomas.

**RECESS**

At 10:27 a.m., Acting Speaker William Thomas declared the Assembly recessed.

**REASSEMBLED**

At 2:45 p.m., the Assembly reconvened.

Hon. William Thomas, Member of the Assembly, 33rd District, presiding.

**ADJOURNMENT**

At 2:46 p.m., Acting Speaker William Thomas declared the Assembly adjourned until 1 p.m., Thursday, June 12, 1975

LEO T McCARTHY, Speaker

ANABEL FLEURY, Minute Clerk

## CALIFORNIA LEGISLATURE

1975-76 FIRST EXTRAORDINARY SESSION

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**ASSEMBLY DAILY JOURNAL**

SIXTY-FIFTH LEGISLATIVE DAY  
ONE HUNDRED SIXTEENTH CALENDAR DAY

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**IN ASSEMBLY**


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Assembly Chamber, Sacramento  
Thursday, June 12, 1975

The Assembly met at 4 35 p m

Hon Leo T McCarthy, Speaker of the Assembly, presiding

Chief Clerk James D Driscoll at the Desk.

Assistant Clerk Ray Monday reading

**ROLL CALL**

The roll was called, and the following answered to their names—76

Alatorre	Chine	Keene	Perino
Antonovich	Collier	Keysor	Priolo
Arnett	Craven	Knox	Ralph
Badham	Cullen	Lancaster	Robinson
Bane	Davis	Lanterman	Rosenihal
Bannai	Deddeh	Lewis	Siegler
Berman	Dixon	Lockyer	Sierotj
Beverly	Duffy	MacDonald	Suitt
Boatwright	Egeland	Maddy	Thomas, Vincent
Briggs	Fenton	McAlister	Thomas, William
Brown	Foran	McLennan	Thurman
Burke	Garamendi	McVittie	Toites
Calvo	Goggin	Miller	Vasconcellos
Campbell	Greene	Mobley	Vicencia
Carpenter	Gualeo	Montoya	Warren
Chacon	Hart	Mori	Wilson
Chappie	Hayden	Murphy	Wornum
Chel	Ingalls	Nimmo	Z'berg
Chinbole	Kapiloff	Papan	Mr Speaker

Quorum present.

**PRAYER**

Upon invitation of Speaker McCarthy, the following prayer was offered by the Hon Wadie P Deddeh, Member, 80th Assembly District:

*Father, We live in a world of great confusion, despair and problems. We need, therefore, the strength to recognize our weaknesses and the vision to identify what needs to be done.*

Give us, Lord, the wisdom to do that which is right, the will and the determination to stand for the truth even though it would be at times unpopular

But above all, Father, help us serve with dignity and honor the good people of this great state —AMEN.

**PLEDGE OF ALLEGIANCE TO THE FLAG**

Upon request of Speaker McCarthy, Mr. Antohovich then led the Assembly in the pledge of allegiance to the Flag.

**READING OF THE JOURNAL DISPENSED WITH**

By unanimous consent, reading of the Journal of the previous legislative day was dispensed with.

**LEAVES OF ABSENCE FOR THE DAY**

The following Members were granted leaves of absence for the day, because of illness.

Mr Meade, on request of Speaker pro Tempore Papan.

Mr Nestande, on request of Speaker pro Tempore Papan

Mr Tucker, on request of Speaker pro Tempore Papan

**ADJOURNMENT**

At 4:36 p m , Speaker McCarthy declared the Assembly adjourned until 11 a m , Friday, June 13, 1975.

LEO T. McCARTHY, Speaker

ANABEL FLEURY, Minute Clerk



## CALIFORNIA LEGISLATURE

1975-76 FIRST EXTRAORDINARY SESSION

## ASSEMBLY DAILY JOURNAL

SIXTY-SIXTH LEGISLATIVE DAY  
ONE HUNDRED SEVENTEENTH CALENDAR DAY

## IN ASSEMBLY

Assembly Chamber, Sacramento  
Friday, June 13, 1975

The Assembly met at 2:30 p.m.

Hon. Julian C. Dixon, Member of the Assembly, 49th District, presiding

Chief Clerk James D. Driscoll at the Desk.

Assistant Clerk Ray Monday reading.

## ROLL CALL

The roll was called, and the following answered to their names—76.

Alatorre	Cline	Keene	Papan
Antonovich	Collier	Keysor	Perino
Arnett	Craven	Knox	Priolo
Badham	Cullen	Lancaster	Ralph
Bane	Davis	Lanterman	Robinson
Bannai	Deddeh	Lewis	Rosenthal
Berman	Dixon	Lockyer	Siegler
Beverly	Duffy	MacDonald	Sieroty
Boatwright	Egeland	Maddy	Sutt
Briggs	Fenton	McAlister	Thomas, Vincent
Brown	Foran	McLennan	Thomas, William
Burke	Garamendi	McVittie	Torres
Calvo	Goggin	Miller	Vasconcellos
Campbell	Greene	Mobley	Vicencia
Carpenter	Gualeo	Montoya	Warren
Chacon	Hart	Mori	Wilson
Chappie	Hayden	Murphy	Wornum
Chel	Ingalls	Nestande	Z'berg
Chimbole	Kapiloff	Nimmo	Mr. Speaker

Quorum present.

## PRAYER

The following prayer was offered by the Chaplain, Father Leo McAllister.

Father, help us to realize that You are the Father of all Your children; that You love none of them any less because of their location on this planet, or because of the pigmentation of their skin, or the language they speak. Help us to strive for the unity of all men; not just a political union, or a cultural union, but a union of love where we meet as brothers and sisters within the family of God.—AMEN.

**PLEDGE OF ALLEGIANCE TO THE FLAG**

Upon request of Acting Speaker Dixon, Mr. Chel then led the Assembly in the pledge of allegiance to the Flag

**MOTION TO DISPENSE WITH READING OF THE JOURNAL**

Further reading of the Journal of the previous legislative day was dispensed with on motion of Mr. Nimmo, seconded by Mr. MacDonald.

**LEAVES OF ABSENCE FOR THE DAY**

The following Members were granted leaves of absence for the day, because of illness:

Mr. Meade, on request of Acting Speaker Dixon

Mr. Thurman, on request of Acting Speaker Dixon.

Mr. Tucker, on request of Acting Speaker Dixon.

**ADJOURNMENT**

At 2:51 p.m., Acting Speaker Dixon declared the Assembly adjourned until 9 a.m., Monday, June 16, 1975.

**LEO T. McCARTHY, Speaker**

**ANABEL FLEURY, Minute Clerk**

## CALIFORNIA LEGISLATURE

1975-76 FIRST EXTRAORDINARY SESSION

## ASSEMBLY DAILY JOURNAL

SIXTY-SEVENTH LEGISLATIVE DAY  
ONE HUNDRED TWENTIETH CALENDAR DAY

## IN ASSEMBLY

Assembly Chamber, Sacramento  
Monday, June 16, 1975

The Assembly met at 12:22 p.m.

Hon. Leo T. McCarthy, Speaker of the Assembly, presiding

Chief Clerk James D. Driscoll at the Desk.

Assistant Clerk Ray Monday reading

## ROLL CALL

The roll was called, and the following answered to their names—77

Alatorre	Collier	Keyser	Perino
Antonovich	Ciaven	Knox	Priolo
Arnett	Cullen	Lancaster	Ralph
Badham	Davis	Lanterman	Robinson
Bane	Deddeh	Lewis	Rosenthal
Bannai	Dixon	Lockyer	Siegler
Berman	Duffy	MacDonald	Sieroty
Beverly	Egeland	Maddy	Suitt
Boatwright	Fenton	McAlister	Thomas, Vincent
Briggs	Foran	McLennan	Thomas, William
Brown	Garamendi	McVittie	Thurman
Buik	Goggin	Miller	Torres
Calvo	Greene	Mobley	Vasconcellos
Campbell	Gualco	Montoya	Vicencia
Carpenter	Hart	Mori	Warren
Chacon	Hayden	Murphy	Wilson
Chappie	Ingalls	Nestande	Wornum
Chel	Kapiloff	Nimmo	Z'berg
Chimhole	Keene	Papan	Mr. Speaker
Cline			

Quorum present.

**PRAYER**

Upon invitation of Speaker McCarthy, the following prayer was offered by Father Val Fegundez, Pastor of St Elisabeth's Catholic Church:

*Go Before Us, O Lord, We ask You, in all our doings with Your gracious inspiration, and further us with Your continual help, that every prayer and work of ours may begin from You, and by You be duly ended.*

Give Your Holy Spirit to these Your servants here assembled in the interests of our state government that in all their doings they may merit the high confidence which their constituents have rested in them, and that this state may be well and peaceably governed, and that we, the people, may enjoy the richest blessings which You prepared for all who love You —AMEN.

**PLEDGE OF ALLEGIANCE TO THE FLAG**

Upon request of Speaker McCarthy, Mr Suitt then led the Assembly in the pledge of allegiance to the Flag

**MOTION TO DISPENSE WITH READING OF THE JOURNAL**

Further reading of the Journal of the previous legislative day was dispensed with on motion of Mr. Calvo, seconded by Mr Hayden

**LEAVES OF ABSENCE FOR THE DAY**

The following Member was granted leave of absence for the day, because of illness.

Mr Tucker, on request of Speaker McCarthy.

The following Member was granted leave of absence for the day, on personal business, and desired to waive his per diem.

Mr. Meade, on request of Speaker McCarthy.

**REPORT OF COMMITTEE ON CONFERENCE**

The following report of Committee on Conference was received, and read:

Assembly Chamber, June 12, 1975

Mr. Speaker - The Committee on Conference concerning.

**Assembly Bill No. 1**, as amended in Senate May 22, 1975—An act to amend Sections 11552, 11556, 16522, and 53651 of the Government Code, and to add Division 31 (commencing with Section 41000) to, and to repeal Part 8 (commencing with Section 37000) of Division 24 of, the Health and Safety Code, and to repeal Section 8 of Chapter 1222 of the Statutes of 1965, relating to housing, making an appropriation therefor, and providing for the preparation, issuance, and sale of state bonds to create a fund to be used by the California Housing Finance Agency to make loans for financing housing developments, and providing for the submission of the bond measure to the people at a special election to be consolidated with the 1976 general election, consisting of the undersigned members, has met, and reports that it has agreed to recommend the following:

That the amendments of the Senate be concurred in, and that the bill be further amended as follows:

**Amendment 1**

In line 1 of the heading of the printed bill, as amended in Senate May 22, 1975, after "Alatorre," insert "Arnett,"

**Amendment 2**

In line 2 of the heading, strike out "Calvo," and insert "Brown; Calvo, Carpenter, Chappie,"

**Amendment 3**

In line 4 of the heading, strike out "Leroy F "

**Amendment 4**

Strike out line 6 of the heading, and insert "Maddy, McAlister, McCarthy, McVittie, Meade, Miller, Mobley, Montoya, Perino, Ralph,"

**Amendment 5**

In line 9 of the heading, strike out "Wornum, and Ralph", and insert "and Wornum".

**Amendment 6**

In line 11 of the heading, after "Gregorio," insert "Holden,".

**Amendment 7**

On page 9, strike out line 2, and insert "SECTION 1. Section 11552 of the Government Code is amended to read:

11552. An annual salary of thirty thousand dollars (\$30,000) shall be paid to each of the following.

- (a) Superintendent of Banks
- (b) Commissioner of Corporations
- (c) Insurance Commissioner
- (d) Director of Transportation
- (e) Real Estate Commissioner
- (f) Savings and Loan Commissioner
- (g) Director of Benefit Payments
- (h) Director of Water Resources
- (i) Director of Food and Agriculture
- (j) Director of Corrections
- (k) Director of General Services
- (l) Director of Industrial Relations
- (m) Director of Motor Vehicles
- (n) Director of Youth Authority
- (o) Commissioner, California Highway Patrol
- (p) Members of the Public Utilities Commission
- (q) Director of Employment Development
- (r) Director of Alcoholic Beverage Control
- (s) Director of Housing and Community Development

SEC 2 Section 11556 of the Government Code is amended to read 11556 An annual salary of twenty-five thousand dollars (\$25,000) shall be paid to each of the following

- (a) Director of Navigation and Ocean Development
- (b) Director, Office of Emergency Services
- (c) Members of the Adult Authority

- (d) Members of the Board of Equalization
- (e) Members of the State Water Resources Control Board
- (f) Members of the Youth Authority Board
- (g) State Fire Marshal

SEC. 3. Section 16522 of the Government Code is amended to read 16522. The following securities may be received as security for demand and time deposits:

(a) Bonds, notes, or other obligations of the United States, or those for which the faith and credit of the United States are pledged for the payment of principal and interest

(b) Notes or bonds or any obligations of a local public agency (as defined in the United States Housing Act of 1949) or any obligations of a public housing agency (as defined in the United States Housing Act of 1937) for which the faith and credit of the United States are pledged for the payment of principal and interest

(c) Bonds of this state or of any county, city, town, metropolitan water district, municipal utility district, municipal water district, bridge and highway district, flood control district, school district, water district, water conservation district or irrigation district within this state, and, in addition, revenue or tax anticipation notes, and revenue bonds payable solely out of the revenues from a revenue-producing property owned, controlled or operated by this state, or such local agency or district, or by a department, board, agency, or authority thereof.

(d) Registered warrants of this state

(e) Bonds, consolidated bonds, collateral trust debentures, consolidated debentures, or other obligations issued by the United States Postal Service, federal land banks or federal intermediate credit banks established under the Federal Farm Loan Act as amended, debentures and consolidated debentures issued by the Central Bank for Cooperatives and banks for cooperatives established under the Farm Credit Act of 1933, as amended bonds or debentures of the Federal Home Loan Bank Board established under the federal Home Loan Bank Act, bonds, debentures and other obligations of the Federal National Mortgage Association established under the National Housing Act as amended, in the bonds of any federal home loan bank established under said act, and in bonds, notes and other obligations issued by the Tennessee Valley Authority under the Tennessee Valley Authority Act, as amended.

(f) Bonds and notes of the California Housing Finance Agency issued pursuant to Chapter 7 (commencing with Section 41700) of Part 3 of Division 31 of the Health and Safety Code.

SEC. 4. Section 53651 of the Government Code, as amended by Section 4 of Chapter 464 of the Statutes of 1973 is amended to read 53651. Eligible securities are any of the following:

(a) United States Treasury notes, bonds, bills or certificates of indebtedness, or obligations for which the faith and credit of the United States are pledged for the payment of principal and interest

(b) Notes or bonds or any obligations of a local public agency (as defined in the United States Housing Act of 1949) or any obligations of a public housing agency (as defined in the United States Housing Act of 1937) for which the faith and credit of the United States are pledged for the payment of principal and interest

(c) Bonds of this state or of any local agency or district of the State of California having the power, without limit as to rate or amount, to levy taxes to pay the principal and interest of such bonds upon all property within its boundaries subject to taxation by such local agency or district, and in addition, sales tax revenue bonds and revenue bonds and other obligations payable solely out of the revenues from a revenue-producing property owned, controlled or operated by such state, local agency or district or by a department board, agency or authority thereof

(d) Bonds of any public housing agency (as defined in the United States Housing Act of 1937, as amended) as are secured by a pledge of annual contributions under an annual contribution contract between such public housing agency and the Public Housing Administration if such contract shall contain the covenant by the Public Housing Administration which is authorized by subsection (b) of Section 22 of the United States Housing Act of 1937, as amended, and if the maximum sum and the maximum period specified in such contract pursuant to said subsection 22(b) shall not be less than the annual amount and the period for payment which are requisite to provide for the payment when due of all installments of principal and interest on such obligations

(e) Registered warrants of this state

(f) Bonds, consolidated bonds, collateral trust debentures, consolidated debentures, or other obligations issued by the United States Postal Service, federal land banks or federal intermediate credit banks established under the Federal Farm Loan Act, as amended, debentures and consolidated debentures issued by the Central Bank for Cooperatives and banks for cooperatives established under the Farm Credit Act of 1933, as amended, bonds, or debentures of the Federal Home Loan Bank Board established under the Federal Home Loan Bank Act, bonds, debentures and other obligations of the Federal National Mortgage Association or of the Government National Mortgage Association established under the National Housing Act, as amended, bonds of any federal home loan bank established under said act, and obligations of the Tennessee Valley Authority.

(g) Notes, tax anticipation warrants or other evidence of indebtedness issued pursuant to Article 7 (commencing with Section 53820), Article 7.5 (commencing with Section 53840) or Article 7.6 (commencing with Section 53850) of this Chapter 4

(h) State of California notes

(i) Bonds, notes, certificates of indebtedness, warrants or other obligations issued by (1) any state of the United States (except this state), or the Commonwealth of Puerto Rico, or any local agency

thereof having the power to levy taxes, without limit as to rate or amount, to pay the principal and interest of such obligations, or (2) any state of the United States (except this state), or the Commonwealth of Puerto Rico, or a department, board, agency or authority thereof, which are payable solely out of the revenues from a revenue-producing source owned, controlled or operated thereby; provided such obligations issued by an entity described in subsection (1) are rated in one of the three highest grades, and such obligations issued by an entity described in subsection (2) are rated in one of the two highest grades by a nationally recognized investment service organization that has been engaged regularly in rating state and municipal issues for a period of not less than five years.

(j) Obligations issued or guaranteed by the International Bank for Reconstruction and Development, Inter-American Development Bank, and the Government Development Bank of Puerto Rico.

(k) Participation certificates of the Export-Import Bank of the United States.

(l) Bonds and notes of the California Housing Finance Agency issued pursuant to Chapter 7 (commencing with Section 41700) of Part 3 of Division 31 of the Health and Safety Code.

This section shall become inoperative and is repealed on the operative date of Section 53651 of the Government Code as amended by Section 5 of the chapter amending this section at the 1973-74 Regular Session

SEC. 5. Section 53651 of the Government Code, as amended by Section 5 of Chapter 464 of the Statutes of 1973, is amended to read 53651. Eligible securities are any of the following.

(a) United States Treasury notes, bonds, bills or certificates of indebtedness, or obligations for which the faith and credit of the United States are pledged for the payment of principal and interest

(b) Notes or bonds or any obligations of a local public agency (as defined in the United States Housing Act of 1949) or any obligations of a public housing agency (as defined in the United States Housing Act of 1937) for which the faith and credit of the United States are pledged for the payment of principal and interest

(c) Bonds of this state or of any local agency or district of the State of California having the power, without limit as to rate or amount, to levy taxes to pay the principal and interest of such bonds upon all property within its boundaries subject to taxation by such local agency or district, and in addition, sales tax revenue bonds, and revenue bonds and other obligations payable solely out of the revenues from a revenue-producing property owned, controlled or operated by such state, local agency or district or by a department, board, agency or authority thereof.

(d) Bonds of any public housing agency (as defined in the United States Housing Act of 1937, as amended) as are secured by a pledge of annual contributions under an annual contribution contract between such public housing agency and the Public Housing Administration if such contract shall contain the covenant by the Public Housing Administration which is authorized by subsection (b) of Section 22 of the United States Housing Act of 1937, as amended, and if the



maximum sum and the maximum period specified in such contract pursuant to said subsection 22(b) shall not be less than the annual amount and the period for payment which are requisite to provide for the payment when due of all installments of principal and interest on such obligations

(e) Registered warrants of this state.

(f) Bonds, consolidated bonds, collateral trust debentures, consolidated debentures, or other obligations issued by the United States Postal Service, federal land banks or federal intermediate credit banks established under the Federal Farm Loan Act, as amended, debentures and consolidated debentures issued by the Central Bank for Cooperatives and banks for cooperatives established under the Farm Credit Act of 1933, as amended, bonds, or debentures of the Federal Home Loan Bank Board established under the Federal Home Loan Bank Act, bonds, debentures and other obligations of the Federal National Mortgage Association or of the Government National Mortgage Association established under the National Housing Act, as amended, bonds of any federal home loan bank established under said act, and obligations of the Tennessee Valley Authority.

(g) Notes, tax anticipation warrants or other evidence of indebtedness issued pursuant to Article 7 (commencing with Section 52823) or Article 7.5 (commencing with Section 53840) or Article 7.6 (commencing with Section 53850) of this Chapter 4.

(h) State of California notes.

(i) Obligations issued or guaranteed by the International Bank for Reconstruction and Development, Inter-American Development Bank and the Government Development Bank of Puerto Rico.

(j) Participation certificates of the Export-Import Bank of the United States.

(k) Bonds and notes of the California Housing Finance Agency issued pursuant to Chapter 7 (commencing with Section 41700) of Part 3 of Division 31 of the Health and Safety Code

This section shall become operative on January 1, 1976.

SEC. 6. Part 8 (commencing with Section 37000) of Division 31 of the Health and Safety Code is repealed.

SEC. 7. Division 31 (commencing with Section 41000) is added to the Health and Safety Code, to read:

## DIVISION 31. HOUSING AND HOME FINANCE

### PART 1. STATE HOUSING POLICY AND GENERAL PROVISIONS

#### CHAPTER 1. LEGISLATIVE FINDINGS AND DECLARATIONS

41000. This division shall be known and may be cited as the **Ferrisovich-Moscone-Chacon Housing and Home Finance Act**.

41001. The Legislature finds and declares that the subject of housing is of vital statewide importance to the health, safety, and welfare of the residents of this state, for the following reasons:

(a) Decent housing is an essential motivating force in helping people achieve self-fulfillment in a free and democratic society.

(b) Unsanitary, unsafe, overcrowded, or congested dwelling accommodations constitute conditions which cause an increase in, and spread of, disease and crime.

(c) A healthy housing market is one in which residents of this state have a choice of housing opportunities and one in which the housing consumer may effectively choose within the free marketplace.

(d) A healthy housing market is necessary both to achieve a healthy state economy and to avoid an unacceptable level of unemployment.

41002. The Congress of the United States has established, as a national goal, the provision of a decent home and a suitable living environment for every American family and the Legislature finds and declares that the attainment of this goal is a priority of the highest order. The national housing goal, as it applies to California, is deserving of adoption by the Legislature, with the accompanying commitment to guide, encourage, and direct where possible, the efforts of the private and public sectors of the economy to cooperate and participate in the early attainment of a decent home and a satisfying environment for every Californian.

The attainment of a national and state housing goal is complicated by a variety of continuing problems, not the least of which are the absence of a coherent housing policy, the absence of a comprehensive framework outlining the dimensions of need and obstacles preventing the fulfillment of such need, the absence of effective private-public mechanisms designed to engender and facilitate a partnership approach to housing, and the absence of effective subsidy programs designed to reach very low-income households and other persons and families of low or moderate income.

41003. The Legislature finds and declares that, as a result of public actions involving highways, public facilities, and urban renewal projects, and as a result of poverty and the spread of slum conditions and blight to formerly sound neighborhoods, there exists within the urban and rural areas of the state a serious shortage of decent, safe, and sanitary housing which persons and families of low or moderate income, including the elderly and handicapped, can afford. This shortage is inimical to the safety, health, and welfare of the residents of this state and the sound growth of its communities. Private enterprise and investment, without the assistance contemplated in this division, is not disposed to provide, nor can it economically achieve, the needed construction of decent, safe, and sanitary housing at rentals which persons and families of low and moderate income can afford and the urgently needed rehabilitation of existing housing.

In order to remedy such housing shortages, it is necessary to implement a public program incorporating the following elements and goals:

(a) A reduction in the cost of mortgage financing for rental housing to provide lower rent for persons and families of low or moderate income.

(b) A reduction in the cost of mortgage financing for home purchases, in order to make homeownership feasible for persons and families of low or moderate income.

(c) The availability of mortgage financing in geographical areas in which private lenders have been unable or unwilling to commit sufficient funds for residential lending.

(d) The provision of assistance and encouragement with respect to residential construction and rehabilitation by private enterprise which will house persons of varied economic means in the same structures and neighborhoods thereby alleviating and contributing to the permanent elimination of slum conditions.

(e) An increase in the supply of housing available to the elderly and handicapped and large families.

(f) Encouragement and assistance of housing and community development in rural areas and among Indian residents of the state.

(g) Encouragement of mutual self-help housing projects, home management training, and relocation assistance.

(h) Maximum utilization of federal subsidies available to meet housing needs of very low-income households and persons and families of low and moderate income.

(i) The provision to local governments of the financial resources, statistical data, and technical assistance needed to assist them in meeting housing needs within their respective jurisdictions. The term "financial resources," as used in this subdivision, means proceeds from the sale of bonds by the agency and federal assistance made available to the agency for any of the purposes of this division.

41004. The Legislature finds and declares that it is to the economic benefit of the state and a public purpose to encourage the availability of adequate housing and home finance for persons and families of low or moderate income, and to develop viable urban and rural communities by providing decent housing, enhanced living environment, and increased economic opportunities for persons and families of low or moderate income. The exercise of the powers specified in this division will be in all respects for the benefit of the people of the state, for their well-being and prosperity, and for the improvement of their social and economic conditions. Therefore, this division shall be liberally construed to effect its purposes.

41005. The Legislature finds and declares that full cooperation and coordination with the cities and counties of the state in meeting the housing needs of the state on a level of government which is as close as possible to the people it serves is essential if workable housing programs are to be developed and implemented.

41006. The Legislature finds and declares that a number of federal housing programs have failed to reach the fundamental goals and purposes for which they were established, especially in urban areas. In California, this failure has often been related to inadequate consideration of the relationship between housing and the community in which the housing is located.

It is the intent of the Legislature in enacting this division to seek to avoid such failures by providing a comprehensive and balanced approach to the solution of housing problems of very low-income households and persons and families of low or moderate income in the state.

It is further the intent of the Legislature to provide a program which gives consideration, not only to the production and financing of housing, but also to the social and aesthetic impact of such housing. A California housing program must consider the distribution throughout the state of such housing as may be assisted pursuant to this division, the avoidance of imposed economic, ethnic, and racial isolation or concentration, an emphasis on superior design, including the scale and location of such housing, the preparation of communities and persons to avail themselves of the program, and other factors which contribute to a decent living environment. Such program shall be designed to overcome racial isolation and concentration through revitalization of deteriorating and deteriorated urban areas by attracting a full range of income groups to central-city areas to provide economic integration with persons and families of low or moderate income in such areas.

41007. The Legislature finds and declares that the large equities that the majority of California residents in most economic strata have now accumulated in single-family homes must be protected and conserved.

41008. Nothing in this division shall authorize the imposition of controls on rents for housing units not financed pursuant to this division.

#### CHAPTER 2 DEFINITIONS

41020. Unless otherwise indicated by the context, the definitions contained in this chapter shall govern the construction of this division.

41021. "Affirmative action" means any program created pursuant to rules and regulations of the agency to create greater job opportunities for members of disadvantaged racial, sexual, religious, ancestral, or national-origin groups. Such program shall include educational, promotional, and other appropriate activity designed to secure greater employment opportunity for the members of such groups.

41022. "Affirmative marketing program" means any program approved by the agency that is designed to achieve greater access to housing opportunities created by this division for members of disadvantaged racial, sexual, religious, ancestral or national-origin groups. Such program shall include educational, promotional, and other appropriate activity designed to secure greater housing opportunities for the members of such groups. Where a significant number of persons in a community have limited fluency in the English language, publications implementing an affirmative marketing program in that community shall be provided in the native language of such persons.

41023. "Affordable rent" means rent not in excess of the percentage of the gross income of the occupant person or family established by regulation of the agency and not in excess of market rent. Such percentage shall be established at not more than 25 percent nor less than 15 percent of gross income as will best serve the purposes of this division. The agency shall, by regulation, adopt criteria defining and providing for determination of, gross income and rent for purposes of this section, which shall be consistent with pertinent regulations of the United States Department of Housing and Urban Development or other federal law with respect to developments aided by the federal government.

41024. "Agency" means the California Housing Finance Agency

41025 "Assisted housing" means housing financed by a below-market interest rate mortgage insured or purchased, or a loan made, by the Secretary of the United States Department of Housing and Urban Development or by the Farmers Home Administration of the United States Department of Agriculture, or a market-interest-rate mortgage insured or purchased, or a loan made in combination with, or as augmented by, a program of rent supplements or subsidies, interest subsidies, leasing, contributions or grants, or other programs as are now or hereafter authorized by federal law to serve persons and families of low or moderate income; or a mortgage or loan made pursuant to this division; or a mortgage or loan from any private or public source with an interest rate and terms satisfactory to the agency and which will meet the requirements and purposes of this division.

41026 "Below-market interest" means a below-market interest rate adequate to return to the agency sufficient income to meet its obligations, reserve requirements, and expenses connected with a loan financed by the agency for which such interest rate is established as determined by the agency at the time of commitment of funds, for the permanent financing.

41027 "Board" means the board of directors of the agency.

41028 "Bonds" means bonds, notes (including construction loan notes), debentures, interim certificates, or other evidences of financial indebtedness issued by the agency pursuant to Part 3 (commencing with Section 41300) of this division.

41029 "Cause" means gross neglect of duties, fraud, or violation of Section 41304 or Section 41305

41030. "Citizen participation" means action by the local public entity that is approved by the agency as sufficient to provide persons who will be affected by financing assistance under the provisions of Chapter 6 (commencing with Section 41550) of Part 3 of this division with opportunities to be involved in planning and carrying out the financing assistance program "Citizen participation" shall include, but not be limited to, all of the following and in the order provided below:

(1) Holding a public meeting prior to the hearing by the local public entity considering selection of the area for designation.

(2) Consultation with an elected or appointed citizen advisory board, composed of representatives of both owners of property in, and residents of, a proposed participating concentrated rehabilitation area, in developing a plan for public improvements and the rules and regulations for implementation of the proposed rehabilitation assistance program

(3) Dissemination at least seven days prior to the original hearing by mailing to property owners within the proposed rehabilitation area at the address shown on the latest assessment roll and by distributing to residents of the proposed participating concentrated rehabilitation area by a manner determined appropriate by the local public entity, of information relating to the time and location of the hearing, boundaries of the proposed area, and a general description of the proposed rehabilitation assistance program

In addition to the requirements of paragraphs (1) to (3), inclusive, any other means of citizen involvement determined appropriate by the legislative body of the local public entity may be implemented.

Public meetings and consultations held to implement the requirements of citizen participation shall be conducted by a planning or rehabilitation official designated by the legislative body of the local public entity. Public meetings shall be held at times and places convenient to residents and property owners.

41031. "Commission" means the Commission of Housing and Community Development.

41032. "Construction loan" means a short-term loan secured by real property, made for development costs incurred in construction or rehabilitation of a housing development.

41033. "Department" means the Department of Housing and Community Development.

41034. "Development costs" means the aggregate of all costs incurred in connection with a housing development which are approved by the agency as reasonable and necessary, including, but not limited to, the following:

(a) The cost of refinancing or acquiring land and any buildings thereon, including payments for options, deposits, or contracts to purchase properties on a proposed housing development site or payments for the purchase of such properties.

(b) The cost of site preparation, demolition, and clearing.

(c) Architectural, engineering, legal, accounting, consulting, and other fees paid or payable in connection with the planning, execution, and financing of a housing development and the finding of an eligible mortgagee for a housing development.

(d) The cost of necessary studies, surveys, plans, and permits.

(e) The cost of insurance, interest and financing, tax and assessment costs, and other operating and carrying costs incurred during construction or rehabilitation.

(f) The cost of construction, rehabilitation, reconstruction and fixtures, medical facilities, furnishings, equipment, machinery, apparatus, and similar facilities and equipment related to the real property.

(g) The cost of land improvements, including, but not limited to, landscaping, site preparation and streets, sewers, utilities, and other offsite improvements, whether or not such costs are paid in cash or in a form other than cash.

(h) A reasonable profit and risk fee, as defined in regulations of the agency, in addition to job overhead to the general contractor and, if applicable, to a limited-dividend housing sponsor.

(i) An allowance established by the agency for working capital and for reasonable reserves set aside to defray unanticipated additional development costs.

(j) Necessary expenses incurred in connection with initial occupancy of a housing development, including reserves for any anticipated operating deficits to be incurred during the construction period and the initial years of occupancy.

(k) Repayment of a development loan.

(l) The cost of modifying a housing development or structure so that it is accessible to and convenient for the elderly or handicapped.

(m) The cost of such other items, including tenant and homeowner relocation and tenant and homeowner counseling, as the agency shall determine to be reasonable and necessary for the development of a housing development.

The statement of a specific cost item within this section shall in no way imply a requirement that the agency finance that item in making a loan on any housing development. Development costs shall not include any greater portion of the total cost of a housing development owned by a limited-dividend housing sponsor than is consistent with an equity investment sufficient to ensure a substantial and continuing interest by such sponsor in the housing development.

41035 "Development loan" means a loan, made prior to the granting of a construction loan, for planning, acquisition of land and improvements thereon, and site preparation for a housing development. A development loan may include costs of architectural, engineering, legal and consulting services, the cost of necessary studies, surveys and governmental permits, and the cost of such other items as the agency deems reasonable and necessary for the initial preparation for construction or rehabilitation of a housing development.

41036. "Elderly" means a family in which the head of the household is 60 years of age or older or a single person who is 60 years of age or older. The age may be adjusted by the agency to facilitate participation in other municipal, state, or federal programs.

41037 "Financial interest" has the same meaning as specified in Section 87103 of the Government Code.

41038 "Fund" means the California Housing Finance Fund.

41039. "Governmental agency" means the United States of America, the State of California, any city, county, or city and county within this state and any department, division, public corporation, or public agency of this state or of the United States, or two or more of such entities acting jointly, or the duly constituted governing body of an Indian reservation or rancheria.

41040 "Guaranteed taxable bonds" means taxable bonds secured by a pledge of the full faith and credit of the United States for the payment of the principal, interest and any redemption premium on bonds issued under the authority of this division. Where the federal guarantees are for less than 100 percent of the liability, municipal, state, or private guarantees, bond insurance, or mortgage insurance shall cover the amount not backed by the federal government.

41041. "Handicapped" means a family in which the head of the household is suffering from an orthopedic disability impairing personal mobility or a physical disability affecting his or her ability to obtain employment or a single person with such physical disability, where the family or person requires special care or facilities in the home. "Handicapped" also includes a family in which the head of household suffers from a developmental disability specified in subdivision (h) of Section

38003 or a mental disorder which would render him or her eligible to participate in programs of rehabilitation or social services conducted by or on behalf of a public agency, or a single person with such developmental disability or mental disorder

41043. "Housing development" means any work or undertaking of new construction or rehabilitation, or the acquisition of existing residential structures in good condition, for the provision of housing which is financed pursuant to the provisions of this division for the primary purpose of providing decent, safe, and sanitary housing for persons and families of low or moderate income "Housing development" also means housing financed pursuant to this part for rental occupancy of, for resale to, or sold to, persons and families of low or moderate income Notwithstanding other provisions of this section "housing development" does not include a work or undertaking financed by a neighborhood improvement loan A housing development may include housing for other economic groups as part of an overall plan to develop new or rehabilitated communities or neighborhoods, where housing for persons and families of low or moderate income is a primary goal. A housing development may include any buildings, land, equipment, facilities, or other real or personal property which the agency determines pursuant to its rules and regulations to be necessary or convenient in connection with the provision of housing pursuant to this division, including, but not limited to, streets, sewers, utilities, parks, site preparation, landscaping, and other nonhousing facilities, such as administrative, community, health, recreational, educational, commercial facilities, and child-care facilities which the agency determines are an integral part of a housing development or developments

41044. "Housing sponsor" means any individual, joint venture, partnership, limited partnership, trust, corporation, cooperative, local public entity, duly constituted governing body of an Indian reservation or rancheria, or other legal entity, or any combination thereof, certified by the agency pursuant to rules and regulations of the agency as qualified to either own, construct, acquire or rehabilitate a housing development, whether for profit, nonprofit, or organized for limited profit, and subject to the regulatory powers of the agency pursuant to rules and regulations of the agency and other terms and conditions set forth in this division "Housing sponsor" includes persons and families of low or moderate income who are approved by the agency as eligible to own and occupy a housing development and individuals and legal entities receiving neighborhood improvement loans through the agency

41045 "Limited-dividend housing sponsor" means any sponsor which owns a housing development and whose profit or cash return is limited pursuant to Section 41482 and regulations adopted by the board pursuant thereto

41046. "Local housing agent" means a city, county, city and county, or combination thereof acting jointly, or the duly constituted governing body of an Indian reservation or rancheria which is certified by the department pursuant to Section 41512 to review applications by prospective housing sponsors for loans made or assisted under this division for housing developments proposed within the territorial boundaries of the local housing agent.



41047 "Local public entity" means any county, city, city and county, the duly constituted governing body of an Indian reservation or rancheria, redevelopment agency organized pursuant to Part 1 (commencing with Section 33000) of Division 24, or housing authority organized pursuant to Part 2 (commencing with Section 34200) of Division 24, and also includes any state agency, public district or other political subdivision of the state, and any instrumentality thereof, which is authorized to engage in or assist in the development or operation of housing for persons and families of low or moderate income "Local public entity" also includes two or more local public entities acting jointly

41048. "Market interest" means, except with respect to neighborhood improvement loans, the interest rate determined by the agency, pursuant to its rules and regulations, to be the lowest interest rate generally available in the private market for construction loans, loans for new single-family housing, apartment project loans, or loans on existing housing, as the case may be, at the time of commitment of funds by the agency. In the case of neighborhood improvement loans, "market interest" shall instead mean an interest rate fixed by the agency, not exceeding 10 percent annual interest nor exceeding the interest rate paid on bonds issued to finance the loan by more than 2 percent

41049 "Market rent" means the monthly rent established by the agency as competitive according to its own regulations, except where federal regulations provide a required method of determining market rent Determination of market rent may be reviewed annually upon application by the mortgagor, subject to applicable federal regulations, if any

41050 "Metropolitan area" means a standard metropolitan statistical area as established by the United States Office of Management and Budget

41051 "Mortgage" means a mortgage, deed of trust, or other instrument which is a lien on real property "Mortgage" includes the note secured by such an instrument

41051.5 "Mortgage deficient area" means an area where private lenders have failed to provide sufficient mortgage credit for financing or refinancing of new, existing, or rehabilitated housing developments, and such practices have caused or threaten to cause a decline in the condition or quality of the housing stock in the area

41052 "Mortgage loan" means a long-term loan which is secured by a mortgage and is made for permanent financing including refinancing of existing mortgage obligations as authorized by regulation of the agency, of a housing development in the state

41053 "Mutual self-help housing" means assisted housing for which persons and families of low or moderate income contribute their own labor in individual or group efforts to provide decent, safe, and sanitary housing for themselves, their families, and others occupying the housing

41053.5 "Neighborhood improvement loan" means a loan made for rehabilitation and improvement of a structure in a participating concentrated rehabilitation area or participating mortgage funds assistance

area pursuant to Section 41554 Notwithstanding other provisions of this part such loans shall not be utilized for the acquisition of a housing development or a residential structure.

41054 "Nonmetropolitan area" means an area not included in a metropolitan area or a rural area

41055 "Nonprofit housing sponsor" means a nonprofit corporation incorporated pursuant to Part 1 (commencing with Section 9000) of Division 2 of Title 1 of the Corporations Code or a cooperative housing corporation, as defined in subdivision (a) of Section 17265 of the Revenue and Taxation Code, which is certified by the agency as qualified to own a housing development

41055 5 "Owner-occupied housing development" means a housing development containing not more than four residential units, one of which is occupied by the owner of the housing development

41056 "Persons and families of low or moderate income" means persons and families deemed by the agency to be unable to pay the amounts at which unassisted private enterprise is providing suitable, decent, safe, and sanitary housing The agency shall adopt regulations establishing criteria for qualification of persons and families of low or moderate income, which may differ among different areas in the state to reflect varying economic and housing conditions In developing such criteria, factors such as the following shall be taken into consideration:

(a) The amount of the income of such person or family that is available for housing needs.

(b) The size of the household

(c) The cost and condition of available housing.

(d) The eligibility of such persons and families for federal housing assistance of any type

"Persons and families of low or moderate income" includes very low-income households, but does not include those persons and families whose savings or assets, or whose annual income in combination with such savings and assets, is sufficient to enable them to obtain and maintain decent, safe, and sanitary housing, without undue financial burden, as determined by regulations of the agency

"Persons and families of low or moderate income" includes persons and families of low, moderate, or middle income, as specified in Section 802 of the Housing and Community Development Act of 1974 (P L 93-383)

Income limitations established pursuant to this division for persons and families of moderate income shall not exceed 120 percent of area median income as estimated by the agency from time to time, provided, however, that persons and families with incomes over the area median income, but not exceeding 120 percent of the area median income, may be designated as persons and families of middle income for any purpose of this division to distinguish such persons and families from other persons and families of moderate income Income limitations for persons and families of low income shall not exceed 80 percent

of the area median income. However, the agency and the department jointly, or either acting with the concurrence of the Secretary of the Business and Transportation Agency, may modify such income limitations, upon a determination that they are too low in a particular geographic area, to qualify persons and families of low or moderate income for occupancy of housing financed pursuant to Part 3 (commencing with Section 41303). Adjustments above or below such maximum income limitations shall be made to compensate for family size. Nothing in this section shall prevent the agency from adopting federal estimates of area median income and adjustments for family size as income limitations for persons and families of low or moderate income.

41067. "Qualified mortgage lender" means a mortgage lender certified by the agency, pursuant to rules and regulations thereof, to do business with the agency. Such a mortgage lender may be a bank or trust company, mortgage banker, federal- or state-chartered savings and loan association, service corporation, or other financial institution or governmental agency which is deemed capable of providing service or otherwise aiding in the financing of construction loans and mortgage loans, and nothing in any other provision of state law shall prevent such a lender or governmental agency from serving as a qualified mortgage lender under this division. A "qualified mortgage lender" that is determined by the agency to have violated state law or the terms of any agreement with the agency shall be promptly decertified.

41068. "Real property" means all lands, including improvements and fixtures thereon, and property of any nature appurtenant thereto or used in connection therewith, and every estate, interest, and right, legal or equitable, therein, including leaseholds, terms of years, and liens by way of judgment, mortgage, or otherwise.

41069. "Rehabilitation" means repairs and improvements to a dwelling unit necessary to make it an attractive, decent, safe, and sanitary dwelling which meets applicable state and local building and housing standards.

41062. "Rents" or "rentals" mean the charges paid by the persons and families of low or moderate income for occupancy in a housing development assisted under this division whether the units are rented or operated as a cooperative.

41062.5. "Residential structure" means a real property improvement used, or intended to be used, for residential or mixed residential and commercial purposes, or for commercial purposes if, in the judgment of the agency, it is an integral part of a residential neighborhood.

41063. "Rules", "regulations", or "rules and regulations" mean regulations as defined in Chapter 4.5 (commencing with Section 11471) of Part 1 of Division 3 of Title 2 of the Government Code. All regulations of the department and agency shall be subject to such provisions.

41064. "Rural area" means any open country, or any place, town, village, or city which is not part of or associated with an urban area and which (1) has a population not in excess of 2,500 inhabitants, or (2) has a population in excess of 2,500 but not in excess of 15,000 if it

is rural in character, or (3) has a population in excess of 10,000 but not in excess of 20,000, and is not contained within a standard metropolitan statistical area. This definition may be changed by the agency to conform to changes in federal programs.

410645 "Rural mortgage area" means an area outside any city, metropolitan area or urban county, as such terms are defined by Section 102 of the Housing and Community Development Act of 1974 (P.L. 93-383).

41066 "Subsidy" means any financial assistance specifically provided by a governmental agency for the benefit of persons and families of low or moderate income, which is paid to an occupant of housing financed pursuant to this part for housing costs or which reduces such occupant's housing costs. "Subsidy" shall not include any benefit resulting from a loan made by the agency nor any benefit derived from the abatement of taxes levied by the state or a political subdivision thereof.

41067. "Very low-income households" means (1) persons and families whose incomes do not exceed the qualifying limits for very low-income families established pursuant to Section 8 of the United States Housing Act of 1937, or (2), in the event such federal standards become obsolete, persons and families whose incomes do not exceed 50 percent of the median income, as estimated by the agency from time to time, for the area in which the housing units in question are located. Adjustments above or below such maximum income limitations shall be made to compensate for family size variations.

#### CHAPTER 3 GENERAL PROVISIONS

41080 In the event of conflict between this division and any other provision of law, the provisions of this division shall be deemed controlling. If any clause, sentence, paragraph, or section of this division is held invalid by any court of competent jurisdiction, the decision shall not affect or impair any of the remaining provisions.

41081. The Secretary of the Business and Transportation Agency shall be responsible for allocating financial aid and contributions made available directly to state government or to the agency by any agency of the United States for the purpose of subsidizing housing for persons and families of low or moderate income. Housing subsidies shall be first allocated to the agency. Only after the Secretary of the Business and Transportation Agency has determined that the agency has sufficient subsidies for its purposes may housing subsidies be allocated to other divisions of state government.

Nothing in this division shall preclude the establishment of direct relationships between the federal government and local public entities, or shall in any way alter the authority of local public entities to directly receive federal funds, nor shall anything in this division be construed to supersede or affect any other provision of law relating to the control of funds by local public entities. Further, nothing in this division shall affect the authority or reduce the obligations specified in Chapter 16 (commencing with Section 7260) of Division 7 of Title 1 of the Government Code with respect to payment of relocation assistance or

prevent the receipt and disbursement of federal funds made available to any governmental agency for such purpose

41082 To further the goals of this division and to enable the success of a statewide housing program, it is essential, and the Legislature intends, that the agency and the department shall closely coordinate their activities to assure that the goals and purposes of this division are realized.

41083 Nothing in this division, except Part 4 (commencing with Section 41800), shall be construed to authorize the creation of a debt or liability of the state within the meaning of Section 1 of Article XVI of the State Constitution.

## PART 2 DEPARTMENT OF HOUSING AND COMMUNITY DEVELOPMENT AND COMMISSION OF HOUSING AND COMMUNITY DEVELOPMENT

### CHAPTER 1 ORGANIZATION OF THE DEPARTMENT AND GENERAL POWERS

41100. The Department of Housing and Community Development is hereby continued in existence in the Business and Transportation Agency

41101 The department shall be administered by an executive officer known as the Director of Housing and Community Development. The director shall be appointed by the Governor, subject to confirmation by the Senate, and shall hold office at the pleasure of the Governor. The director shall receive the annual salary provided for by Chapter 6 (commencing with Section 11550) of Part 1 of Division 3 of Title 2 of the Government Code.

41102. The provisions of Chapter 2 (commencing with Section 11150) of Part 1 of Division 3 of Title 2 of the Government Code apply to the department, and the director is the head of the department within the meaning of such provisions. The director shall perform all duties, exercise all powers, discharge all responsibility, and administer and enforce all laws, rules, and regulations under the jurisdiction of the department. The director shall keep all books and records necessary for proper and efficient administration of the department.

41103 The Governor shall appoint, upon the recommendation of the director, a deputy director. The deputy director shall hold office at the pleasure of the director and shall receive a salary as shall be fixed by the director with the approval of the Department of Finance.

41104. The work of the department shall be divided into the following three divisions.

- (a) The Division of Codes and Standards
- (b) The Division of Research and Policy Development
- (c) The Division of Community Affairs

41105 Each division shall be in the charge of a chief, under the direction of the director. The chiefs shall be appointed, upon recommendation by the director, by the Governor. Such division chiefs shall hold office at the pleasure of the director, and shall receive a salary as shall be fixed by the director with the approval of the Department of Finance.

41106 For the purposes of this division, the department shall have all of the following powers-

- (a) To sue and be sued in its own name
- (b) To have an official seal and to alter it at pleasure.
- (c) To make and execute contracts and all other instruments necessary or convenient for the exercise of its powers and functions
- (d) To employ architects, planners, engineers, attorneys, accountants experts in housing construction, management and finance and such other advisers, consultants and agents as may be necessary in its judgment for the performance of its functions and to fix their compensation in accordance with applicable law.
- (e) To provide advice, technical information, and consultative and technical services as provided in this division
- (f) To establish, revise from time to time, and charge and collect fees and charges for services provided pursuant to this division
- (g) To accept gifts or grants or loans of funds or property or financial or other aid from any federal or state agency or private source and to comply with conditions thereof not contrary to law
- (h) To enter into agreements or other transactions with any governmental agency, including an agreement for administration of a housing or community development program of the governmental agency by the department, or for administration by another governmental agency of a program of the department, either in whole or in part.
- (i) To enter such agreements and perform such acts as are necessary to obtain subsidies for use in connection with the exercise of powers and functions of the department, and to transfer such subsidies to others as required by any such agreement.
- (j) To appear in its own behalf before boards, commissions, departments, or other agencies of local, state, or federal government
- (k) To establish such regional offices as deemed necessary to effectuate the department's purposes and functions
- (l) To acquire real or personal property, or any interest therein on either a temporary or long-term basis, in its own name by gift purchase transfer foreclosure, lease, option, or otherwise, including easements or other incorporeal rights in property
- (m) To provide bilingual staff in connection with services of the department and make available departmental publications in a language, other than English, where necessary to effectively serve groups for which such services or publications are made available
- (n) To do any and all things necessary to carry out its purposes and exercise the powers expressly granted by this division

41108 The department shall be the principal state department responsible for coordinating federal-state relationships in housing and community development, except for housing finance. The department shall continually evaluate the impact upon the state of federal policies and programs affecting housing and community development and encourage full utilization of federal programs available for assisting the residents of this state, the private housing industry, and local public entities in satisfying housing and community development needs in this state.

41109 The department shall annually submit to the Governor and both houses of the Legislature -

(a) Recommendations for changes in state and federal law necessary to meet the need for housing and community development in the state

(b) An annual report of the operations and accomplishments of the department, and of other state departments as they affect state housing and community development activities

(c) A report containing revisions of the California Statewide Housing Plan

#### Chapter 2 Policy Activities of the Department

41125 The department shall complete and recommend for adoption a California Statewide Housing Plan. The plan shall be developed in cooperation with the private housing industry as well as regional and local housing and planning agencies and other agencies of the state. Subsequent to environmental review and a review of consistency with other state plans by the State Office of Planning and Research it shall be referred by the commission, together with the commission's comments, to the Legislature for review, revision, and adoption as the California Statewide Housing Plan. Upon enactment it shall serve as a state housing plan for purposes of the Housing and Community Development Act of 1974 (P L 93-383)

41126. The California Statewide Housing Plan shall incorporate a statement of housing goals, policies, and objectives, as well as the following segments -

(a) An evaluation and summary of housing conditions throughout the State of California, with particular emphasis upon the availability of housing for all economic segments of the state. Such evaluation shall include an analysis of all areas outside metropolitan areas, which may be divided into one or more multicounty areas by the department, and rural areas, as defined and designated by the Bureau of the Census of the United States Department of Commerce rather than as defined in Section 41064, of each metropolitan area, and of each regional planning area designated by the State Office of Planning and Research or by the United States Department of Housing and Urban Development. The evaluation shall include an analysis of the existing distribution of housing by type, size, gross rent, value, and to the extent data is available, condition, and of the existing distribution of households by gross income, size, and ethnic character for each such area and region in such form as to present for each county, area and region the number of rooms, gross income, household size, and rent or value cross-tabulated in a single table.

(b) Housing development goals for the 1975-76 fiscal year and projected four additional fiscal years ahead. Such goals shall be established as the minimum number of units necessary to be built or rehabilitated by July 1, 1980, in order to provide sufficient housing to house all residents of the state in standard, uncrowded units in suitable locations.

(c) Goals for the provision of housing assistance for the 1975-76 fiscal year and projected four additional fiscal years ahead. Such goals shall be established as the minimum number of households to be assisted

which will result in achieving by July 1, 1980, a substantial reduction in the number of very low-income households and other persons and families of low or moderate income constrained to pay more than 25 percent of their gross income for housing. Income groups to be considered in establishing such goals shall be designated by the department and shall include households a significant number of which are required to pay more than 25 percent of their gross income for housing on the effective date of this section, as determined by the department.

(d) An identification of market constraints and obstacles and specific recommendations for their removal.

(e) An analysis of state and local housing and building codes and their enforcement. Such analysis shall include consideration of whether such codes contain sufficient flexibility to respond to new methods of construction and new materials.

(f) Recommendations for state and other public and private action which will contribute to the attainment of housing goals established for California.

41127 The department shall annually update and provide to the commission, for review, comment, and submission to the Legislature, a revision of the California Statewide Housing Plan. Such proposed revision shall become effective on July 1 of the year following its submission, but if superseding legislation is chaptered prior to July 1 of the year following such submission, the revised plan shall not take effect prior to the effective date of the superseding legislation. Annual revisions proposed by the department shall contain the following segments:

(a) A comparison of the housing goals for the preceding fiscal year with the amount of construction and rehabilitation achieved and housing assistance provided in such fiscal year.

(b) A revision of the minimum housing construction and rehabilitation goals specified in subdivision (b) of Section 41126 for the current year and projected four additional fiscal years ahead.

(c) A revision of the housing assistance goals specified in subdivision (c) of Section 41126 for the current year and projected four additional fiscal years ahead.

(d) A revision of the evaluation required by subdivision (a) of Section 41126 as new census or other survey data become available.

(e) An updating of recommendations for state action which will facilitate the attainment of housing goals established for California.

41128 The California Statewide Housing Plan developed pursuant to Section 41125 shall provide a data base for local housing market studies and serve as a guide for local housing elements required by Section 65302 of the Government Code. It is also intended to serve as a state housing plan and provide a framework for local housing assistance plans meeting requirements of federal law.

41129 The goals and recommendations adopted for the California Statewide Housing Plan shall be published once adopted and shall be republished as revisions are adopted. Sufficient copies shall be made available for distribution to concerned persons throughout the state.



41130 The department shall develop a statewide farmworker housing assistance plan and related policies, goals and objectives for inclusion in the California Statewide Housing Plan

41131 The department shall collect, publish, and make available to the public information about federal, state, and local laws regarding housing and community development. The department may provide a statistics and research service for the collection and dissemination of information affecting housing and community development.

41132 The department shall develop specifications for the structure, functions, and organization of a housing and community development information system for this state. Such system shall include statistical, demographic, and community development data which will be of assistance to local public entities in the planning and implementation of housing and community development programs.

The department shall, subject to the availability of monies therefor, establish prototype housing and community development information systems in two or more counties or multiple-county areas. The department shall operate the prototype systems or it may contract with one or more counties, or with one or more counties and with one or more cities, or with a regional agency including one or more counties for operation of one or more prototype systems and shall report to the Legislature thereon.

41133 The department shall assist and advise the Council on Intergovernmental Relations or its successor on the performance of functions specified in Sections 34212, 34213, and 34214 of the Government Code.

41134 The department shall adopt guidelines for the preparation of housing elements required by Section 65302 of the Government Code. The guidelines initially adopted shall conform as nearly as possible to the guidelines adopted by the commission June 17, 1971 and shall be adopted in accordance with the provisions of Chapter 45 (commencing with Section 11371) of Part 1 of Division 3 of Title 2 of the Government Code. After consultation with the State Office of Planning and Research, the department may from time to time, revise such guidelines.

The department may review local housing elements for conformity with the requirements of Section 65302 of the Government Code and guidelines adopted pursuant thereto, and report its findings. The department may, in connection with any loan or grant application submitted to the agency, require submission to it for review of any local housing element and any local housing assistance plan adopted pursuant to provisions of the Housing and Community Development Act of 1974 (P.L. 93-383).

41135 The department shall adopt guidelines relating to relocation assistance by public entities as defined in Section 7260 of the Government Code, pursuant to the provisions of Chapter 16 (commencing with Section 7260) of Division 7 of Title 1 of the Government Code. The department may provide consulting and technical assistance to such public entities in drafting and amending rules and regulations.

relating to relocation assistance pursuant to subdivision (e) of Section 7268 of the Government Code. The department may require such public entities to reimburse the department for such assistance as the department provides.

41136 The department shall issue guidelines for the preparation of affirmative plans by local public entities pursuant to Section 65008 of the Government Code.

41137 The department may initiate, develop, and propose regulations for adoption by the agency and review regulations proposed by the board prior to their taking effect, with respect to the following:

(a) Standards for affirmative marketing programs of housing sponsors seeking financial assistance from the agency.

(b) Criteria for certifying that the sale or conveyance of real property pursuant to Section 41395 or Section 41511 will primarily benefit persons and families of low or moderate income living in a housing development or a residential structure.

(c) Regulations permitting grants to be made by the agency to housing sponsors for the purpose of attaining affordable rents in housing developments financed by the agency. Such grants shall not be made with moneys derived from the sale of bonds.

(d) Regulations governing payments, procedures, and eligibility for relocation assistance for individuals and families displaced by actions of the agency or of housing sponsors of housing developments or neighborhood improvement loans.

(e) Criteria for qualification of persons, families, and households as persons and families of low or moderate income or very low-income households.

(f) Regulations establishing the maximum percentage of income which may be paid by persons and families of low or moderate income for rent within the meaning of the term affordable rent, as defined in Section 41023.

(g) Regulations designating geographical areas of need throughout the state for housing construction or rehabilitation, as identified in the California Statewide Housing Plan, identifying housing markets in which insufficient financing is available for purchase or rehabilitation of existing housing, identifying types of households with particularly severe housing needs, or establishing priority criteria for the selection of homes and projects to be financed as housing developments or neighborhood improvement loans.

(h) Criteria for inclusion of nonhousing facilities in housing developments financed by the agency.

Regulations proposed by the agency in such areas of responsibility shall not take effect without concurrence of the director, the Secretary of the Business and Transportation Agency, or a representative of the secretary specifically designated for such review and approval.

41138 The department may certify local housing agents and may periodically review, recertify, and decertify such local housing agents as provided in Section 41512.

## CHAPTER 3. ASSISTANCE ACTIVITIES OF THE DEPARTMENT

41160 The department may, upon receipt of a request of a local public entity, provide advisory assistance or staffing for development of new and rehabilitated housing for persons and families of low or moderate income, the elderly, and persons displaced by governmental action, and in the development of programs to correct or eliminate blight and deterioration and to effect community development or re-development.

The department may contract with a local public entity to provide any necessary staff services associated with, or required by, a local public entity and which could be performed by the staff of a redevelopment agency or housing authority.

The department may provide technical assistance in developing housing for students and faculty of universities and colleges upon the request of a potential housing sponsor, or at the request of the governing board or other agency of a university or college.

41161 The department may furnish counseling and guidance services to aid any governmental agency or any private or nonprofit organization or persons in securing the financial aid or cooperation of governmental agencies in the undertaking construction, maintenance operation, or financing of housing for Indians, farm laborers and their families, persons and families displaced by action of any state or local public entity, workers engaged in cutting, processing, milling, handling, or shipping lumber or lumber products, the families of such workers, the elderly and handicapped, and persons and families of low or moderate income. The department may contract for or sponsor, subject to the availability of federal funds experimental or demonstration projects for permanently fixed or mobile housing designed to meet the special needs of agricultural workers, persons displaced by action of any local public entity, the handicapped, the elderly, Indians and persons and families of low or moderate income. Such contracts or sponsorship agreements may be between the department and local public entities, private enterprise, or nonprofit organizations.

41162 The department shall encourage research and demonstration projects to develop new and better techniques including techniques of rehabilitation, for increasing the quality and supply of housing for persons and families of low or moderate income and may make grants or loans, with or without interest, in connection therewith.

41163 The department may adopt rules and regulations establishing a mutual self-help housing technical assistance program providing grants to nonprofit housing sponsors for carrying out programs of technical and supervisory assistance to aid persons and families of low or moderate income to develop mutual self-help housing.

41164 The department may make grants to nonprofit housing sponsors and local public entities for operating administrative and other expenses of planning, constructing, rehabilitating, and operating assisted housing and may make grants to housing sponsors for the benefit of residents of assisted housing in order to achieve lower rentals for some or all of the units within the assisted housing. Such grants may not be made with moneys derived from the sale of bonds.

41165 The department may enter into agreements to provide staffing to assist the Farmers Home Administration of the United States Department of Agriculture in the conduct of federal loan and grant programs for the provision of housing for persons and families of low or moderate incomes in this state.

41166 The department may conduct programs of rental subsidies for tenants of existing housing pursuant to Section 8 of the United States Housing Act of 1937, but may not submit any competitive application for operation of an existing housing program in a geographic area which includes a local public entity that has applied. However, in conducting subsidy programs pursuant to this section, the department shall not operate housing developments or engage in the purchase, lease, or sublease of housing developments.

41167 The department may, upon request by a local public entity, provide technical assistance of staffing for the purpose of developing applications and plans for community development funding pursuant to the Housing and Community Development Act of 1974 (P L 93-383)

41168 The department shall endeavor to obtain community development funds available under Title I of the Housing and Community Development Act of 1974 (P L 93-383) The department may if federal funds are available, conduct an innovative neighborhood preservation program in cooperation with a local public entity

41169 The department may provide technical assistance to any public entity or public utility undertaking construction, maintenance, operation or financing of replacement housing designed for persons displaced because of the acquisition or clearance of real property for public purposes

41170 The department shall develop and, subject to specific authorization and appropriation by the Legislature or the availability of federal subsidies, implement demonstration subsidy programs to test the effectiveness of one or more housing subsidy programs for very low-income households or other persons and families of low or moderate income. Such programs may include housing allowance payments, homeownership downpayment assistance, homeownership interest subsidy, leased housing subleased to very low-income households, rent supplement payments on behalf of very low-income households, or other types of subsidy programs

41171. The department may provide potential housing sponsors and persons and families of low or moderate income such advisory consultative training and educational services as will assist them to become owners or tenants of housing financed under this division. Such training and services may include but are not limited to, technical and professional planning assistance, the preparation and promulgation of organizational planning and development outlines and guides, consultation services, training courses, seminars and lectures, the preparation and dissemination of newsletters and other printed materials, and the services of field representatives.

The department shall, subject to appropriation by the Legislature, or the availability of private, local governmental, or federal funds establish a program of such home management training for persons and families of low or moderate income who are occupants or potential occupants of assisted housing.

The department may provide potential housing sponsors of multiple-unit housing developments with advisory consultative training and educational services in the management of housing.

41172 The department may provide technical assistance and aid to governmental agencies and housing sponsors for the purpose of providing the benefits of assisted housing to very low-income households and persons and families of low or moderate income in which the head of household has been previously confined to institutional care.

41173. The department may provide comprehensive technical assistance to tribal housing authorities, housing sponsors and governmental agencies on reservations, rancherias, and on public domain to facilitate the planning and orderly development of suitable, decent safe, and sanitary housing for American Indians residing in such areas. Such assistance may include technical assistance in land use planning, natural and environmental resource planning, and economic resource planning. Upon request of the governing body of a reservation or rancheria, the department may act on behalf of the tribal housing authority and perform the functions thereof and for such purpose shall have all the powers granted to housing authorities by Part 2 (commencing with Section 34200) of Division 13.

41174. The department shall take appropriate measures to assure that its services and publications are available to persons and families having limited fluency in the English language, in order to assure full participation by such persons and families in programs administered by the department. Where a significant number of persons in a community have limited fluency in the English language services and essential publications of the department shall be provided in the native language of such persons.

#### CHAPTER 4 ORGANIZATION OF THE COMMISSION

41200 There is hereby continued in existence in state government the Commission of Housing and Community Development, which shall consist of nine members.

41201. The members shall be appointed by the Governor for four-year terms, subject to confirmation by the State Senate. Members in office on the effective date of this division shall continue to hold office until the expiration of their terms unless removed pursuant to Section 41202 or any other provision of law.

The term of an appointment to fill any vacancy created prior to the expiration of a term shall be for the unexpired term only. Each member shall continue to hold office after the expiration of his term until a successor has been appointed and qualified.

41202 The Governor has power to remove from office at any time, any members of the commission for continued neglect of duties required by law, or for incompetence, or dishonorable conduct. Nothing in this section shall be construed as a limitation or restriction on the power of the Governor, conferred on him by any other provision of law, to remove any member of the commission.

41203 The presiding officer of the commission shall be designated by the Governor from among the members and shall serve as presiding officer at the pleasure of the Governor.

41204 Each commission member shall receive a per diem of fifty dollars (\$50) for each day actually spent in the discharge of official duties, and each shall be reimbursed for traveling and other expenses necessarily incurred in the performance of duties.

41205 The commission shall meet quarterly and at such other times and places as the commission may designate, for the purpose of transacting its business. Special meetings may be held at such times as the commission may elect, or on the call of the presiding officer of the commission, or on call of not less than four members thereof. The written notice of the time, place and object of such special meeting shall be made by the secretary to all the members not parties to the call, at least 15 days before the day of the meeting.

41206 The Director of Housing and Community Development shall serve as secretary of the commission and as such shall keep the minutes and records of all commission proceedings.

41207 The commission shall provide policy guidance to the Department of Housing and Community Development.

41208 The commission shall prepare and adopt such minimum standards regulating the use and application of cellular concrete as it determines are reasonably necessary for the protection of life and property.

41209 Except where the department is specifically vested by this part or by any other provision of law with the authority to adopt rules and regulations, the commission may adopt, amend, and repeal rules and regulations reasonably necessary to carry out the provisions of this part or by any other provision of law. Any rules and regulations of the commission in effect on the effective date of this division shall remain in effect until amended or repealed.

### PART 3 CALIFORNIA HOUSING FINANCE AGENCY

#### CHAPTER 1 ORGANIZATION

41300 The California Housing Finance Agency is hereby created in the Business and Transportation Agency. The agency constitutes a public instrumentality and a political subdivision of the state, and the exercise by the agency of the powers conferred by this division shall be deemed and held to be the performance of an essential public function.

41301 The agency shall be administered by a board of directors consisting of 15 voting members, including a chairperson. The State Treasurer, the Secretary of the Business and Transportation Agency,

and the Director of Housing and Community Development, or their designees, shall be members, in addition to five members appointed by the Governor one member appointed by the Speaker of the Assembly, and one member appointed by the Senate Rules Committee The Director of Finance, the Director of the state Office of Planning and Research, and the president and the executive vice president of the agency shall serve as voting, ex officio members of the board

41302 Appointed members of the board shall be able persons broadly reflective of the economic cultural, and social diversity of the state, including ethnic minorities and women However, it is not intended that formulas or specific ratios be applied in order to achieve such diversity Of the members appointed by the Governor, one shall be an elected official of a city or county engaged in the planning or implementation of a housing, housing-assistance, redevelopment, or housing-rehabilitation program, one shall be experienced in residential real estate in the savings and loan, mortgage banking, or commercial banking industry; one shall be experienced as a builder of residential housing; one shall be experienced in organized labor of the residential construction industry, and one shall be experienced in the management of rental housing occupied by lower income households At least one of such members appointed by the Governor shall be a resident of a rural or nonmetropolitan area The Senate Rules Committee and the Speaker of the Assembly shall each appoint a tenant living in rental housing financed by the agency or a person experienced in counseling, assisting, or representing tenants The terms of the members initially appointed by the Governor, the Senate Rules Committee and the Speaker of the Assembly shall be as follows

(a) An elected official of a city or county engaged in the planning or implementation of a housing, housing-assistance, redevelopment, or housing-rehabilitation program—two years appointed by the Governor

(b) Member experienced in residential real estate in the savings and loan mortgage banking or commercial banking industry—four years appointed by the Governor

(c) Member who is experienced as a builder of residential housing—six years, appointed by the Governor

(d) Member experienced in organized labor of the residential construction industry—two years appointed by the Governor

(e) Member experienced in the management of rental housing occupied by lower income households—four years appointed by the Governor

(f) Member appointed by the Speaker of the Assembly who is a tenant living in rental housing financed by the agency or is experienced in counseling, assisting, or representing tenants—six years

(g) Member appointed by the Senate Rules Committee who is a tenant living in rental housing financed by the agency or is experienced in counseling, assisting, or representing tenants—two years

The term of any member of the board appointed to serve subsequent to the expiration of such an initial term shall be six years Any person appointed to fill a vacancy on the board shall serve only for the remainder of the unexpired term Successors to initially appointed

members specified in subdivisions (f) and (g) shall be or shall have been tenants living in rental housing financed by the agency, if any exists. Members of the board shall, subject to continued qualification, be eligible for reappointment. If a member of the board ceases to meet the qualifications specified in this section, the membership of such person on the board shall be terminated.

41303 All members of the board appointed by the Governor shall be confirmed by the Senate.

41304 The representation of varied interest groups on the board shall be deemed essential to obtain information for the development of policy and decisions of the board. It shall not be a conflict of interest for an official of any local public entity or a tenant of any housing development, or a director, officer, stockholder, or employee of any savings and loan institution, investment banking firm, brokerage firm, commercial bank or trust company, architectural firm, insurance company, labor union, or any other person, association, or corporation to serve as a member of the board. When present at a meeting of the board, a board member shall be legally required to participate in the deliberations within the meaning of Section 87101 of the Government Code. If any board member has a financial interest, such interest shall be disclosed as a matter of official public record and shall be described with particularity before the board member acts or participates in any way in deliberations affecting such interests.

If any board member has a financial interest, a conflict statement shall be filed pursuant to the regulations of the Fair Political Practices Commission and distributed to all other members of the board.

No board member of the agency may, however, vote on any matter in which the member has a financial interest.

Violations of this section shall constitute grounds for disqualification from office as a board member. Knowing or willful violation of the disclosure requirements of this section shall constitute a misdemeanor under Section 91000 of the Government Code. Pursuant to Section 91000, fines may be imposed for any such violation.

Within 60 days of the effective date of this division, the agency shall adopt a conflict of interest disclosure code pursuant to Sections 3703 and 3704 of the Government Code which shall remain in effect until a conflict of interest code has been adopted by the agency and approved by the Fair Political Practices Commission and is in effect pursuant to Article 3 (commencing with Section 87300) of Chapter 7 of Title 9 of the Government Code. Within 15 days of adoption of such code, each board member shall file a statement.

41305 (a) Except for the member specified in subdivision (a) of Section 41302 in his capacity as an official of a city or county, no member of the board and no officer or employee of the agency shall be employed by, hold any paid official relation to, or have any financial interest in, any housing sponsor or any housing development financed or assisted under this part. No real property to which a member of the board or an officer or employee of the agency holds legal title or in



which such person has any financial interest shall be purchased by the agency or sold by such member of the board or officer or employee of the agency to a housing sponsor for a housing development to be financed under this part.

Any violation of this section shall be a conflict of interest which shall be grounds for disqualification of the member from the board or the officer or employee of the agency from his office or employment with the board or agency.

(b) Except as provided by subdivision (c), the following actions shall be voidable in the discretion of the agency:

(1) Any purchase by the agency of real property in which a member of the board or an officer or employee of the agency has legal title or a financial interest.

(2) Any commitment by the agency to provide financial assistance to a housing sponsor in which a member of the board or officer or employee of the agency is employed, holds any official relation, or has any financial interest.

(3) Any commitment by the agency to provide financial assistance to a housing sponsor to which real property has been or is transferred for a housing development to be financed under this part if a member of the board or officer or employee of the agency has or has had legal title or any financial interest in such real property.

(c) Any commitment by the agency to provide financial assistance under the circumstances specified in paragraph (2) or (3) of subdivision (b) shall not be voidable following release of the funds, but shall be grounds for acceleration of the loan or prospective termination of a contract of financial assistance.

41306 Voting board members shall be removable solely for cause.

41307 The Governor shall appoint a chairperson who, when present shall preside at meetings of the board. The term of the chairperson shall be five years.

41308 The Governor shall appoint a president who shall serve at the pleasure of the board as the chief executive officer of the agency and shall subject solely to supervision by the board, administer and direct the day-to-day operations of the agency. The board shall from time to time determine the total number of authorized employees within the agency. The board shall determine the salaries of those employees of the agency whose salaries are not paid from moneys appropriated to the agency from the General Fund, other than moneys appropriated by the act enacting this division.

41309 The compensation of the president shall be established by the board in such amount as is reasonably necessary, in the discretion of the board, to attract and hold a person of superior qualifications. However, the salary of the president shall not exceed the salary of the Secretary of the Business and Transportation Agency. Members of the board shall not receive a salary but shall be entitled to a per diem allowance of fifty dollars (\$50) for each day's attendance at a meeting of the board, not to exceed three hundred dollars (\$300) in any

month, and reimbursement for expenses incurred in the performance of their duties under this part, including travel and other necessary expenses.

41310. The president may from time to time employ technical experts and such other employees, as may, in his judgment, be necessary for the conduct of the business of the agency.

41311. Notwithstanding the provision of Sections 11042 and 11043 of the Government Code, the president may employ as attorney for the agency an attorney at law licensed in this state. The attorney shall advise the board, the chairperson, and the president, when so requested, with regard to all matters in connection with the powers and duties of the agency and the board members and officers thereof. The attorney shall perform all duties and services as attorney to the agency which the agency may require of him.

Except as provided in Section 11040 of the Government Code the Attorney General shall represent and appear for the people of the State of California and the agency in all court proceedings involving any question under this division or any order or act of the agency; provided, however, that the agency may also employ private counsel to assist in any such court proceeding.

41311.5. The Executive Secretary of the Housing Bond Credit Committee created pursuant to Section 41707 shall serve as the executive vice president of the agency and in such capacity shall be directly responsible to the president. The executive vice president shall provide liaison between the agency and the Housing Bond Credit Committee and shall perform such other duties as may be required by the president or the board. The agency shall reimburse the Housing Bond Credit Committee for any compensation paid by the committee to the executive secretary. The salary of the executive vice president of the agency shall not exceed the salary of the president.

41312. For its activities under this division, the president shall prepare an annual budget to be reviewed by the Secretary of the Business and Transportation Agency before the chairperson shall present it for adoption to the board of directors with his comments.

41313. The board shall approve the sale of obligations or securities and other major contractual agreements and debt obligations. Any other contractual agreements or debt obligations may be approved by the president pursuant to regulations of the board.

Actions of the board may be taken only by a concurrence of a majority of the entire membership thereof.

41314. The principal offices of the agency shall be located in the City of Sacramento.

## CHAPTER 2 PURPOSES AND GENERAL PROVISIONS

41331. The primary purpose of the agency shall be to meet the housing needs of persons and families of low or moderate income.

41332. In meeting the housing needs of persons and families of low or moderate income, not less than 30 percent of the units financed by mortgage loans or neighborhood improvement loans pursuant to this part shall be available to, or occupied by, very low-income households.

at affordable rents, unless it is not possible to obtain subsidies necessary to meet such requirement. No development loan, rehabilitation loan, or construction loan shall be made pursuant to this part if the agency determines that its ability to utilize currently available subsidies to meet the requirements of this section would be jeopardized thereby.

41332.5. The agency shall also seek to attain the following objectives:

(a) Acquisition of the maximum amount of funds available for subsidies for the benefit of persons and families of low or moderate income occupying units financed pursuant to this part.

(b) Housing developments providing a socially harmonious environment by meeting the housing needs of both very low-income households and other persons and families of low or moderate income and by avoidance of concentration of very low-income households that may lead to deterioration of a development.

(c) Emphasis on housing developments of superior design, appropriate scale and amenities, and on sites convenient to areas of employment, shopping, and public facilities.

(d) Increasing the range of housing choice for minorities of low income and low-income persons, rather than maintaining or increasing the impact of low-income areas, and cooperation in implementation of local and areawide housing allocation plans adopted by cities, counties, and joint powers entities made up of counties and cities.

(e) Identification of areas of low-vacancy rates where construction is needed, of areas of substandard housing where rehabilitation is needed, and of areas of credit shortage where financing is needed for transfer of existing housing, so as to maximize the impact of financing activities on employment, reduction of housing costs, and maintenance of local economic activity.

(f) A balance between metropolitan, nonmetropolitan, and rural housing developments, and between family housing and housing for the elderly and handicapped, in general proportion to the needs identified in the statewide housing plan.

(g) Minimization of fees and profit allowances of housing sponsors so far as consistent with acceptable performance, in order to maximize the benefit to persons and families of low or moderate income occupying units financed by the agency.

(h) Full utilization of federal subsidy assistance for the benefit of persons and families of low or moderate income.

(i) Full cooperation and coordination with the local public entities of the state in meeting the housing needs of cities, counties, cities and counties, and Indian reservations and rancherias on a level of government that is as close as possible to the people it serves.

(j) Promoting the recovery and growth of economically depressed businesses located in areas of minority concentration and in mortgage deficient areas.

41333. No provision of this division shall be construed as a restriction or limitation upon any powers which the agency or any local public entity might otherwise have under any laws of this state, and

this part is cumulative with respect to any such powers. This division shall be deemed to provide a complete, additional, and alternative method for doing the things authorized thereby, and shall be regarded as supplemental and additional to powers conferred by other laws. The issuance of a residential bonds and refunding bonds under the provisions of this part need not comply with the requirements of any other law applicable to the issuance of bonds; and in the construction or acquisition of a housing development or a residential structure pursuant to the provisions of this division, the agency need not comply with the requirements of any other law applicable to construction or acquisition of public works, except as specifically provided in this division. The agency shall adopt regulations for review of construction contracts for the construction or rehabilitation of housing financed under this division.

The agency shall require that on construction financed by a construction loan from the agency, other than mutual self-help housing developments, all workmen employed in such construction, exclusive of maintenance work, shall be paid not less than the general prevailing rate or per diem wages for work of a similar character in the locality in which the construction is performed, and not less than the prevailing rate of per diem wages for holiday and overtime work. The agency shall determine or require determination of the general prevailing rate of per diem wages in accordance with the standards set forth in Section 1773 of the Labor Code. Apprentices shall be employed in the construction of housing developments in accordance with the regulations of the agency, which shall impose the same requirements as contained in Section 1777.5 of the Labor Code, except as to differences necessitated by the methods of awarding construction contracts for housing developments financed under this division.

41334. The exercise of the powers specified in this division will be in all respects for the benefit of the people of the state, for their well-being and prosperity, and for the improvement of their social and economic conditions, and the agency shall not be required to pay any tax or assessment on any property, other than a housing development, owned by the agency under the provisions of this division or upon the income therefrom. Any bonds issued by the agency under the provisions of this division, their transfer, and the income therefrom shall at all times be free from taxation by the state or any political subdivision or other instrumentality of the state, excepting inheritance and gift taxes.

41335. The agency and every housing sponsor shall require that occupancy of housing developments assisted under this part shall be open to all regardless of race, sex, marital status, color, religion, national origin, or ancestry, that contractors and subcontractors engaged in the construction of housing developments shall provide an equal opportunity for employment, without discrimination as to race, marital status, sex, color, religion, national origin, or ancestry, and that such

contractors and subcontractors shall submit and receive approval of an affirmative action program prior to the commencement of construction or rehabilitation. Affirmative action requirements respecting apprenticeship shall be consistent with Chapter 4 (commencing with Section 3070) of Division 3 of the Labor Code.

All contracts for the management, construction, or rehabilitation of housing developments, and contracts let by housing sponsors, contractors, and subcontractors in the performance of such management, construction, or rehabilitation, shall be let without discrimination as to race, sex, marital status, color, religion, national origin, or ancestry and pursuant to an affirmative action program, which shall be at not less than the Federal Housing Administration affirmative action standards unless the board makes a specific finding that the particular requirement would be unworkable. The agency shall periodically review implementation of affirmative action programs required by this section.

It shall be the policy of the agency and housing sponsors to encourage participation with respect to all projects by minority developers, builders, and entrepreneurs in all levels of construction planning, financing, and management of housing developments. In areas of minority concentration the agency shall require significant participation of minorities in the sponsorship, construction, planning, financing, and management of housing developments. The agency shall (1) require that, to the greatest extent feasible, opportunities for training and employment arising in connection with the planning, construction, rehabilitation, and operation of housing developments financed pursuant to this part be given to persons of low income residing in the area of such housing, and (2) determine and implement means to secure the participation of small businesses in the performance of contracts for work on housing developments and to develop the capabilities of such small businesses to more efficiently and competently participate in the economic mainstream. In order to achieve such participation by small businesses, the agency may, among other things, waive retention requirements otherwise imposed on contractors or subcontractors by regulation of the agency and may authorize or make advance payments for work to be performed. The agency shall develop relevant selection criteria for the participation of small businesses to insure that, to the greatest extent feasible, the participants possess the necessary nonfinancial capabilities. With respect to such small businesses the agency may waive bond requirements otherwise imposed upon contractors or subcontractors by regulation of the agency, but the agency shall in such case substantially reduce the risk through (1) a pooled-risk bonding program, (2) a bond program in cooperation with other federal or state agencies, or (3) development of a self-insured bonding program with adequate reserves.

The agency shall adopt rules and regulations to implement the provisions of this section.

Prior to commitment of financing, the agency shall require each housing sponsor, except with respect to an owner-occupied housing development or mutual self-help housing, to submit an affirmative marketing program which meets standards set forth in regulations of the agency. The agency shall require such a housing sponsor to conduct the affirmative marketing program so approved. Additionally, the agency shall supplement the efforts of individual housing sponsors by conducting affirmative marketing programs with respect to such housing at the state level.

41336. It shall be the policy of the agency to coordinate its activities with the department. It shall be the policy of the agency to conduct its operations so as to be fiscally self-sufficient and so as not to require appropriations from the General Fund for payment of its administrative costs or to service bonds of the agency.

41337. No development or construction loan shall be made pursuant to this part if the agency determines that the making of such a loan would result in the permanent loss of a subsidy or a reduction in future subsidies due to the failure of the agency to use currently available subsidies.

41338. Loans made pursuant to this part to housing sponsors, other than nonprofit housing sponsors, of rental housing developments shall not exceed 95 percent of the development costs of the housing development for which the loan is made. Loans made pursuant to this part to nonprofit housing sponsors shall not exceed 98 percent of development costs unless (1) the nonprofit housing sponsor has or will participate in the housing development with another nonprofit housing sponsor which has a significant past record of successful residential development and not more than 25 percent of the units in such housing development will be occupied by very low income family households, or (2) the housing development will be designed for occupancy by elderly or handicapped households. In evaluating the significance of the past record of a nonprofit housing sponsor for purposes of this section, the agency shall take into consideration exclusionary or discriminatory lending policies or practices of the mortgage finance industry or government mortgage programs which have limited the record of past housing production or development by the nonprofit housing sponsor.

41339. This division is intended to benefit purchasers and residents of housing developments who are persons and families of low and moderate income and shall be liberally construed to allow such persons to initiate civil actions and to enforce rights, duties and benefits under this division and regulations adopted pursuant to this division, provided however, this section shall not limit, modify or restrict the standing of other persons to initiate civil actions by reason of the action or inaction of the agency, department or commission.

## CHAPTER 3. FINANCIAL PROVISIONS

41360. The California Housing Finance Fund is hereby created in the State Treasury.

All money in the fund is hereby continuously appropriated to the agency for carrying out the purposes of this part, and, notwithstanding the provisions of Chapter 2 (commencing with Section 12850) of Part 2.5 of Division 3 of Title 2 of the Government Code or the provisions of Article 2 (commencing with Section 13320) of Chapter 3 of Part 3 of such division, application of the fund shall not be subject to the supervision or budgetary approval of any other officer or division of state government. However, the agency's budget shall be reviewed by the Secretary of the Business and Transportation Agency. Additionally, the agency's budget with the secretary's comments shall be submitted to the Joint Legislative Budget Committee for review and comment. The agency may pledge any or all of the moneys in the fund as security for payment of the principal of, and interest on, bonds issued pursuant to this part, and, for such purpose or as necessary or convenient to the accomplishment of any other purpose of the agency, may divide the fund into separate accounts. All moneys accruing to the agency pursuant to this part from whatever source shall be deposited in the fund.

41361 Pursuant to any agreements with the holders of particular bonds pledging any particular assets, revenues, or moneys, the agency may create separate accounts in the fund to manage assets, revenues, or moneys in the manner set forth in such agreements.

41362. Subject to any agreements with holders of particular bonds revenue derived pursuant to this part from neighborhood improvement loans and mortgage loans shall be deposited in the special account, which shall be used exclusively for the amortization of debt and the protection of the underlying security, until current debt service and reserves are funded.

41363. The agency shall from time to time direct the State Treasurer to invest moneys in the fund which are not required for its current needs, including proceeds from the sale of any bonds, in such eligible securities specified in Section 16430 of the Government Code as the agency shall designate. The agency may direct the State Treasurer to deposit moneys in interest-bearing accounts in state or national banks or other financial institutions having principal offices in this state. Subject to any agreements with holders of particular bonds, and to the extent public deposits are permitted by law in each type of financial institution, the agency shall direct the State Treasurer to make such deposits based on the relative participation of the different types of financial institutions as qualified mortgage lenders. However, such allocations shall not be required to the extent that they would result in receipt by the agency of a deposit interest rate that is lower than the highest interest rate available from another institution qualified to receive such

deposits. The agency may alternatively require the transfer of moneys in the fund to the Surplus Money Investment Fund for investment pursuant to Article 4 (commencing with Section 16470) of Chapter 3, Part 2, Division 4, Title 2 of the Government Code.

All interest or other increment resulting from such investment or deposit shall be deposited in the fund, notwithstanding Section 16305.7 of the Government Code. Moneys in the fund shall not be subject to transfer to any other fund pursuant to any provision of Part 2 (commencing with Section 16300) of Division 4 of Title 2 of the Government Code, excepting the Surplus Money Investment Fund.

41364. The agency is authorized to utilize such moneys as may be appropriated to the fund from time to time by the Legislature for effectuating its purposes, including, but not limited to, the payment of the initial expenses of administration and operation, the establishment of reserves or contingency funds to be available for payments on the principal, interest, and sinking funds of any bonds of the agency and the direct payment of principal, interest and sinking funds on the bonds of the agency.

41365. The agency shall, within 90 days following the close of each fiscal year, submit an annual report of its activities under this division for the preceding year to the Governor, the Secretary of the Business and Transportation Agency, the Director of Housing and Community Development, the State Treasurer, and the Legislature. Within 90 days following the close of each fiscal year, the agency shall also submit an annual report to the Joint Legislative Audit Committee and the Joint Legislative Budget Committee. Each such report shall set forth a complete operating and financial statement of the agency during the concluded fiscal year. The report shall specify the number of units assisted, the distribution of units among the metropolitan nonmetropolitan, and rural areas of the state, and shall contain a summary of statistical data relative to the incomes of households occupying assisted units, the monthly rentals charged to occupants of rental housing developments, and the sales prices of housing developments purchased during the previous fiscal year by housing sponsors who are persons or families of low or moderate income. The report shall also include a statement of accomplishment during the previous year with respect to the agency's progress, priorities, and affirmative action efforts. The agency shall specifically include in its report on affirmative action goals, statistical data on the numbers and percentages of minority sponsors, developers, contractors, subcontractors, suppliers, architects, engineers, attorneys, mortgage bankers or other lenders, insurance agents and managing agents. The agency shall cause an audit of its books and accounts with respect to its activities under this division to be made at least once during each fiscal year by an independent certified public accountant and the agency shall be subject to audit by the Department of Finance not more often than once each fiscal year.

Within 90 days following receipt of the agency's annual report, the Joint Legislative Audit Committee and the Joint Legislative Budget Committee shall submit a report on the agency's activities under this division to the Legislature.



41365 5 The president of the agency shall immediately certify in writing to the Joint Legislative Audit Committee, the Joint Legislative Budget Committee, the Speaker of the Assembly, the Senate Finance Committee and the Governor, if the agency determines or receives information, verified by the State Treasurer that moneys of the agency will not be sufficient for the principal payments, sinking fund payments, and interest payments on bonds authorized under Chapter 41366 to restore and maintain the bond reserve funds provided for in Section 41713

41366 Subject to any agreements with holders of particular bonds, all moneys available for carrying out the purposes of this part are declared by the agency to be surplus moneys which are not required for service or retire bonds issued on behalf of the agency, pay administrative expenses of the agency, accumulate necessary operating reserves, or repay loans to the agency from the General Fund and may be used by the agency with respect to existing housing development programs to provide special interest reduction programs, financial assistance for housing developments or subsidies for occupants or owners thereof, or counseling programs, as authorized by this division

#### CHAPTER 4 GENERAL POWERS

41385 The agency shall have all of the following powers:

- (a) To sue and be sued in its own name
- (b) To have an official seal and to alter the same at pleasure
- (c) To have perpetual succession
- (d) To maintain offices at such place or places within the state as it may designate
- (e) To adopt, and from time to time amend and repeal, by action of the board, rules and regulations, not inconsistent with the provisions of this part, to carry into effect the powers and purposes of the agency and the conduct of its business. Rules and regulations of the agency shall be adopted, amended, repealed, and published in accordance with the provisions of Chapter 45 (commencing with Section 11371) of Title 1 of Division 3 of Title 2 of the Government Code. With respect to regulations in areas specified in Section 41137, the agency may also propose regulations, but such regulations shall become effective only with the concurrence of the Secretary of the Business and Transportation Agency, or his designated representative, or the Director of Housing and Community Development

(f) To make and execute contracts and all other instruments necessary or convenient for the exercise of its powers and functions under this part with any governmental agency, private corporation or other entity, or individual, and to contract with any local public entity for processing of any aspect of financing housing developments

(g) To acquire real or personal property, or any interest therein, on either a temporary or long-term basis in its own name by gift, purchase, transfer, foreclosure, lease, option, or otherwise, including easements or other incorporeal rights in property

(h) To hold, sell, assign, lease, encumber, mortgage, or otherwise dispose of any real or personal property or any interest therein; to

hold, sell, assign, or otherwise dispose of any mortgage interest owned by it, under its control or custody, or in its possession, and, as applicable, to do any of the acts specified in this subdivision by public or private sale, with or without public bidding, notwithstanding any other provision of law.

(i) To release or relinquish any right, title, claim, lien, interest, easement, or demand however acquired, including any equity or right of redemption in real property foreclosed by it

(j) To determine the terms and conditions of any mortgage instrument, deed of trust, or promissory note used or executed in conjunction with the financing of any housing development

(k) To employ architects, engineers, attorneys, accountants housing construction and financial experts, and such other advisers, consultants, and agents as may be necessary in its judgment and to fix their compensation.

(l) To provide advice, technical information, and consultative and technical service in connection with the financing of housing developments pursuant to this part

(m) To procure insurance against any loss in connection with its property and other assets, including mortgages and mortgage loans, in such amounts and from such insurers as it deems desirable

(n) To establish, revise from time to time, and charge and collect fees and charges in connection with loans made by the agency

(o) To borrow money and issue bonds, as provided in this part

(p) To enter such agreements and perform such acts as are necessary to obtain federal housing subsidies for use in connection with housing developments.

(q) To provide bilingual staff in connection with services of the department and make available agency publications in a language, other than English, where necessary to effectively serve all groups for which such services or publications are made available.

(r) To require any individual, corporation, or other legal entity operating, managing, or providing maintenance services for a housing development or a residential structure to maintain a current certificate of qualification developed and approved by the agency.

(s) To do any and all things necessary to carry out its purposes and exercise the powers expressly granted by this part.

41386. The agency shall be a state representative for purposes of receiving and allocating financial aid and contributions from agencies of the federal government which are provided to the state or to the agency for the purpose of subsidizing housing for persons and families of low or moderate income and may utilize federal subsidies available to it in providing housing for persons and families of low or moderate income or for exercising any other of its powers. The agency shall have priority among all other units of state government for receipt of federal housing subsidies to the extent units financed under this part are eligible for such assistance.

41387. The agency may enter into agreements to provide staffing for the Farmers Home Administration of the United States Department of Agriculture in the conduct of federal loan, loan-guarantee, and grant programs for the provision of housing for persons and families of low or moderate income in this state. Staffing under this section shall not be paid for out of proceeds from the sale of bonds.

41388. The agency may make and execute contracts with qualified mortgage lenders for the initiation or servicing of mortgage loans, construction loans, neighborhood improvement loans, or development loans made or acquired by the agency pursuant to this part or for other services rendered to the agency. The agency may pay the reasonable value of services rendered to the agency pursuant to such contracts.

41389. The agency may make or undertake commitments to make development loans, construction loans, mortgage loans, and neighborhood improvement loans to housing sponsors to finance housing developments, as provided in Chapter 5 (commencing with Section 41450) of this part.

The agency may, in conjunction with a construction loan, set aside a reserve to provide improvement security required under subdivision (c) of Section 66462 and Chapter 5 (commencing with Section 66199) of Division 2 of Title 7 of the Government Code, which shall be in lieu of improvement security otherwise required by such provisions.

41390. The agency may purchase and sell construction loans, mortgage loans, neighborhood improvement loans, obligations secured by such loans, and participation therein.

41390.5. Construction loans, mortgage loans, and neighborhood improvement loans made, purchased, assigned or serving as security for obligations or participations pursuant to this part shall be limited as to charges, interest, maximum loan amount, and maximum appraised value pursuant to regulations of the agency, which shall be consistent with the purposes of this part.

41391. Prior to the commitment of moneys under this part for the financing of a housing development as provided in Articles 1 to 4 inclusive, of Chapter 5 (commencing with Section 41450) of this part, the agency shall take adequate measures to assure (a) the economic feasibility of the housing development, (b) the financial eligibility of the housing sponsors and tenants, (c) the consistency of the proposed housing development with the current housing objectives of the agency, (d) the sufficiency of access of the housing development to supporting social services, transportation, schools, employment, and retail merchants, and (e) that the location of the proposed housing development is consistent with the agency's policies of dispersing housing developments throughout communities and of avoiding undue concentration of persons and families of low income. Wherever possible, the agency shall verify such facts before financing is committed.

In providing for dispersal of housing developments, the agency shall consider economic feasibility, which shall be determined in light of all relevant factors, including the assistance programs and funds which could be utilized to reduce costs. Nothing in this section shall prohibit the agency from financing housing developments in participating concentrated rehabilitation areas and participating mortgage funds assistance areas in a manner that would otherwise be in conflict with the agency's policies respecting dispersal of housing developments or concentration of persons and families of low income, where necessary to accomplish the purposes for which financing is made available by the agency in such an area.

41392 (a) The agency may renegotiate, refinance, foreclose, or contract for the foreclosure of, any mortgage in default and may waive any default or consent to the modification of the terms of any mortgage. With respect to housing developments, the agency shall require that mortgage servicing and foreclosure practices, including forbearance and recasting of mortgages in default, conform to agency regulations.

(b) The agency may commence any action to protect or enforce any right conferred upon it by any law, mortgage, contract, or other agreement and may bid for and purchase property sold in satisfaction thereof at any foreclosure or other sale or may otherwise acquire and take possession of such property. Subject to any agreement with bondholders, the agency may operate, manage, lease, dispose of, and otherwise deal with such property in such manner as may be necessary to protect the interest of the agency and the holders of its bonds.

41393. The agency may procure insurance or guarantees from the federal government or from any governmental agency or instrumentality thereof, or from any private insurance company, of the payment of principal, redemption price of, and interest on any bonds issued by the agency. The agency may pay premiums on any such insurance.

41394. The agency may, for services performed, charge and collect from housing sponsors and qualified mortgage lenders such fees and charges for the purpose of defraying administrative and other expenses as the agency may establish from time to time for its lending and mortgage-purchase programs.

41395. The agency may sell or convey real property owned by the agency to persons and families of low or moderate income, nonprofit housing sponsors, and local public entities. Such sale or conveyance may be without consideration if the agency received the property upon condition that it be so conveyed or sold and if such sale or conveyance will inure primarily to the benefit of persons and families of low or moderate income living in a housing development.

41396. The agency shall establish criteria for housing sponsors and qualified mortgage lenders, which shall be designed to assure the financial integrity of programs authorized by this division and which shall provide for effective implementation of the policies and purposes set forth in this part. The criteria shall take into account the differences between private and public institutions qualifying as housing sponsors and qualified mortgage lenders.

41397. Relocation payments shall be made to tenants displaced because of temporary or permanent displacement for rehabilitation work assisted under this part, or rent increases resulting from rehabilitation, with eligibility and amount of assistance to be determined pursuant to the Uniform Relocation and Real Property Acquisition Policies Act of 1970 (42 U.S.C., Sec. 4601) or Chapter 16 (commencing with Section 7260) of Division 7 of Title 1 of the Government Code.

The agency shall also insure that the relocation payments and the relocation advisory assistance specified therein shall be provided. Pursuant to the provisions of this section, the agency shall insure relocation payments are provided to persons and families involuntarily displaced in making a site or structure available for rehabilitation or construction financed under this part, or in the alternative may require the housing sponsor receiving a loan commitment pursuant to this part to make such payments and provide such assistance, whether such displacement has occurred in anticipation of the loan commitment or will occur subsequent thereto.

For purposes of this section, displacement includes relocation occurring because of a qualified person or family's inability to pay increased rentals resulting from rehabilitation, or involuntary temporary or permanent displacement of a qualified person or family to allow rehabilitation work to be done.

41398. The agency shall establish maximum sale prices for the initial sale of housing developments; the acquisition, construction, or rehabilitation of which is financed by the agency in anticipation of sale to persons and families of low or moderate income. The agency shall also establish a price for any owner-occupied housing development whenever the buyer of such housing development receives a mortgage loan from the agency. The maximum sale prices established by the agency pursuant to this section may provide a reasonable profit to the seller while serving the purposes of this division.

41399. The agency may make grants to nonprofit housing sponsors and local public entities to meet expenses incurred in planning, constructing, rehabilitating, or managing housing developments. The agency may make grants to housing sponsors for the purpose of lowering the rents or cooperative housing charges on some or all of the units within a housing development. Grants authorized by this section shall not be made with proceeds from the sale of bonds.

41400. The agency shall establish a grievance procedure or require housing sponsors to establish such a procedure, or both, for the purpose of resolving complaints by housing sponsors and tenants of housing sponsors and contractual disputes between two or more housing sponsors or between a housing sponsor and a tenant of such housing sponsor. Notwithstanding any other provision of law, no individual or family shall be evicted from a housing development unless the following requirements are met:

(a) The eviction is for good cause as defined by rules and regulations of the agency.

(b) Eviction proceedings shall be commenced by the giving of notice as required by Section 1946 of the Civil Code or Section 1161 or 1161a

of the Code of Civil Procedure and served as provided by Section 1162 of the Code of Civil Procedure. Such notice shall contain a statement of the cause for eviction and of the right of the tenant to a hearing and decision pursuant to regulations of the agency if a request for such a hearing is made to the landlord in writing within the period specified in Section 1946 of the Civil Code or Section 1161 of the Code of Civil Procedure, as the case may be.

(c) When the tenant so requests the landlord in writing within the period specified in Section 1946 of the Civil Code or Section 1161 of the Code of Civil Procedure, as the case may be, a hearing, in accordance with procedures established pursuant to regulations of the agency, shall be held by an impartial individual or panel selected or approved by the agency and a decision rendered within two weeks after receipt by the landlord of the tenant's written request for a hearing. Good cause for eviction shall be established at the hearing by the weight of the evidence. Before a right to a hearing vests, the tenant must pay rent for the two-week hearing period to the owner or to an escrow account of the agency, if not already paid.

A defendant in an unlawful detainer proceeding may assert as a defense the failure of the plaintiff or the agency to comply with the requirements of this section or regulations adopted pursuant to this section. A defendant in such a proceeding may assert as a defense that the findings at the hearing were not supported by the weight of evidence.

The costs of any hearing conducted pursuant to this section shall be assessed to, and paid by, the losing party as provided in regulations of the agency. If neither party prevails, the costs of the hearing shall be equitably apportioned.

41401. The agency shall adopt standards for the admission of tenants, termination of tenancies, and eligibility of purchasers of housing financed under this part as well as standards establishing maximum percentages of income which a tenant or purchaser may allocate to housing costs, which shall provide consideration for proven ability in individual cases to pay what would otherwise be an unusually high percentage of income for housing costs.

41402. Prior to authorizing a mortgage loan under Chapter 5 (commencing with Section 41450) of this part or a mortgage loan under Chapter 6 (commencing with Section 41550) of this part, if the loan under either such chapter is for the purchase of an owner-occupied housing development, the agency shall:

- (a) Require an appraisal of the housing development be done by a competent and experienced appraiser.
- (b) Establish a maximum sale price for the housing development pursuant to Section 41398, not in excess of appraised value.
- (c) Require that the housing development be either newly constructed, recently rehabilitated, or certified by the local code enforcement agency, or the department to be in good condition.
- (d) Require that the purchaser intend to occupy the housing development.

(e) Require that the loan bear below-market interest, except as otherwise provided in Chapter 6 (commencing with Section 41550) of this part.

(f) Require, notwithstanding Section 1916.5 of the Civil Code, that a mortgage payment schedule at market interest be substituted for an original payment schedule at below-market interest, when the borrower or a subsequent purchaser ceases to be a person or family of low or moderate income, and that additional payments of interest resulting therefrom be forwarded to the agency. The agency may waive the requirement of this subdivision when necessary to permit participation in mortgage insurance, guarantee, or purchase programs or when this provision would interfere with the financial structuring or the administration of any bond financing program.

41403. The agency, after approving an application for a mutual self-help housing project, may make development loans and construction loans for land acquisition and development costs to eligible housing sponsors on such terms and conditions and in such amounts as it deems necessary to accomplish the purposes of this part. Such development loans and construction loans may be interest free if sufficient surplus funds exist for such purpose and such loans can be made without jeopardizing the financial self-sufficiency of the agency or the adequacy of its reserves. Land acquired and housing developments financed pursuant to this section shall be sold or conveyed to eligible housing sponsors or for the purpose of developing other mutual self-help housing.

In making loans pursuant to this section, the agency, as an alternative to disbursing such loans directly to eligible housing sponsors or persons and families of low or moderate income, may establish procedures retaining such loans or portions thereof, and disburse such amounts directly to the person or entity performing a service, or providing goods, material, land or improvements.

41404. The agency, by regulation, shall also assure that qualified mortgage lenders do not substitute funds made available under this part for the lenders' own resources, without permission of the agency. Qualified mortgage lenders may provide financing under this part until the agency makes a finding that the lender is in violation of this section or decertifies the lender pursuant to Section 41057.

## CHAPTER 5. FINANCING OF HOUSING DEVELOPMENTS

### Article 1. Loans for Housing Developments

41450. Subject to the limitations prescribed by Article 4 (commencing with Section 41475) of this chapter, the agency may make, or undertake commitments to make, development loans, construction loans, mortgage loans, and advances in anticipation of such loans to housing sponsors to finance housing developments.

41451. The agency shall make and publish rules and regulations respecting the making of development loans, construction loans, and mortgage loans pursuant to this part, the terms and conditions upon

which such loans may be made to housing sponsors, the admission of tenants to a housing development, the inclusion of nonhousing facilities in housing developments, the construction of nonhousing facilities, and supervision of housing sponsors, including housing sponsors owning and occupying a housing development. Such regulations shall require, where a financing commitment is made for construction of housing to be purchased by persons and families of low or moderate income, that construction will be undertaken in an economical manner, providing the buyer with an attractive home.

41452. The agency shall enter into regulatory contracts and other agreements with housing sponsors receiving loans under the provisions of this part.

#### Article 2. Loans Through Intermediary Lenders and Mortgage Purchase and Sale

41455. The agency may invest in, purchase, or make commitments to purchase, and take assignments from qualified mortgage lenders of, construction loans, mortgage loans, obligations secured by construction loans or mortgage loans, and participations therein for financing or refinancing of housing developments.

Such construction loans, mortgage loans, obligations secured by construction loans or mortgage loans, or participation therein may be held or sold by the agency, or the agency may create pools of such loans, obligations, and participations held by the agency and may sell securities backed by such pools.

41456. The agency may invest in, purchase, or make commitments to purchase any residential mortgage or any obligation secured by a residential mortgage or participation therein, and sell such obligations, residential mortgages, or participations or create pools of such obligations, residential mortgages, or participations held by the agency and issue and sell securities backed by such pools. The agency shall require the seller of such obligations, residential mortgages, or participations purchased by the agency to use the proceeds for the purpose of financing housing developments.

41457. The agency may insure or guarantee any obligation held by the agency and secured by a mortgage on a single-unit housing development for the purpose of increasing its acceptability or value for sale or as security for other obligations. Nothing in this section shall, however, be construed as authorizing the creation of a debt or liability of the state within the meaning of Section 1 of Article XVI of the State Constitution.

41458. Sales of mortgage obligations and securities pursuant to this article may be made at public or private sale, with or without public bidding, whether directly or through a contract with a private marketing intermediary.



**Article 3. Loans to Qualified Mortgage Lenders**

41465. The agency may make loans to qualified mortgage lenders under terms and conditions requiring the proceeds thereof to be used by such mortgage lenders for the purpose of making construction loans and mortgage loans for the purpose of financing housing developments.

41467. Mortgage loans shall not be made under this article unless the agency determines that type of loan can be made at a lower cost to a housing sponsor than is available for the same type of loan made under the provisions of Article 1 (commencing with Section 41450), Article 2 (commencing with Section 41455) or Article 4 (commencing with Section 41475) of this chapter.

41468. Loans shall not be made by the agency to a qualified mortgage lender under the provisions of this article, except pursuant to an agreement between the agency and the qualified mortgage lender. Such agreements shall include the following:

(a) A maximum interest rate that can be charged for construction loans or mortgage loans.

(b) A recital of the requirements of loans for housing developments authorized by this part

(c) Standards for mortgage-servicing and foreclosure practices, including programs of forbearance and recasting for mortgages in default

41469. In connection with loans made pursuant to this article, the agency may collect, enforce the collection of, and foreclose on any collateral securing the loans and may acquire or take possession of such collateral and sell the same at public or private sale, with or without public bidding, and otherwise deal with such collateral as may be necessary to protect the interest of the agency therein. The exercise of the powers specified in this subdivision shall be subject to any agreements with bondholders.

With respect to deposit of moneys in the fund pursuant to this section, the agency may require that any collateral provided on account thereof be lodged with a financial institution or trust company located in the state designated by the agency as custodian therefor. In the absence of such requirement the financial institution shall, if collateral is to be provided for the loan or securities purchased, upon receipt of the proceeds from the agency, enter into an agreement with the agency containing such provisions as the agency shall deem necessary to adequately identify and maintain such collateral and service the same and shall provide that such financial institution shall hold such collateral as an agent for the agency and shall be held accountable as the trustee of an express trust for the application and disposition thereof and the income therefrom solely to the uses and purposes in accordance with the provisions of such agreement. A copy of each such agreement and

any revisions or supplements thereto shall be filed with the Secretary of State and no further filing or other action under the California Uniform Commercial Code or any other law of the state shall be required to perfect the security interest of the agency in such collateral or any additions thereto or substitutions therefor, and the lien and trust for the benefit of the agency so created shall be binding from and after the time made against all parties having claims of any kind in tort, contract, or otherwise against such financial institution.

#### Article 4. Lender of Last Resort

41475 Except as provided in this article, the agency shall not make construction loans or mortgage loans for the purpose of financing owner-occupied housing developments unless such loans are made through a qualified mortgage lender.

41476 In rural mortgage areas the agency may make and undertake commitments to make construction loans and mortgage loans to housing sponsors to finance housing developments without the participation of a qualified mortgage lender if no qualified mortgage lender will participate in financing such housing developments as provided in Article 2 (commencing with Section 41455) or Article 3 (commencing with Section 41465) of this chapter, or if the board determines that the agency can initiate or service loans directly at less cost than through use of a qualified mortgage lender.

41477. The agency may make and undertake commitments to make construction loans and mortgage loans to finance owner-occupied housing developments without the participation of a qualified mortgage lender where the income of the owner-occupant is no greater than 65 percent of the median income for the area in which the housing development is located as determined by the United States Department of Housing and Urban Development or by the agency's reference to current data of the U.S. Census Bureau. The income at 65 percent of median shall be based on a family of four with adjustments above and below such maximum to compensate for family size.

#### Article 5. Supervision of Housing Sponsors

41480. The agency shall do the following:

(a) Prescribe uniform systems of accounts and records for each class of housing sponsors of rental and cooperative housing developments and require them to make reports and give answers to specific questions on such forms and at such times as may be necessary for the purposes of this part.

(b) Establish minimum capital reserves to be maintained by non-profit and limited-dividend housing sponsors of rental and cooperative housing developments.

(c) Fix and alter from time to time a schedule of rents such as may be necessary to provide tenants who are persons and families of low or moderate income with affordable rents to the extent consistent with the maintenance of the financial integrity of the housing development and to provide profits to housing sponsors subject to the limitations of Section 41482. Income from commercial facilities constituting a portion

of a single housing development financed pursuant to this part shall, to the extent they receive the benefit of below-market-interest financing from the agency, assist in the support of appurtenant residential facilities. No housing sponsor shall increase the rent charged on any assisted rental unit of a housing development without the prior permission of the agency, which shall be given only if the housing sponsor affirmatively demonstrates that such increase is required to defray necessary operating costs or avoid jeopardizing the fiscal integrity of the housing development or to provide the agreed rate of return with respect to additional equity money contributed by investors pursuant to Section 41482, and additional debt service and necessary operating costs with respect to increases in mortgage loans for improvements added to the housing development. Prior notice of any rent increase shall be given in writing as required by Section 1946 of the Civil Code. Prior to the time any rent increase is effective the housing sponsor shall notify every affected tenant, in writing, of informal meetings with the housing sponsor to review the proposed rent increase.

(d) Determine standards for, and control selection by housing sponsors of, tenants and purchasers.

(e) Regulate the terms of occupancy agreements to be used in housing financed under this chapter.

(f) Provide such bilingual services and publications, or require housing sponsors to provide such bilingual services and publications, as are necessary to ensure informed access to housing financed pursuant to this part for persons and families of low or moderate income who have limited fluency in the English language.

41481. The agency may do any of the following with respect to housing sponsors of rental and cooperative housing financed pursuant to this part.

(a) Through its agents or employees, enter upon and inspect the lands, buildings, and equipment of a housing sponsor, including all parts thereof, and examine the books and records of a housing sponsor. However, there shall be no entry or inspection of occupied units without consent of the occupant.

(b) Supervise the operation and maintenance of any housing financed pursuant to this part and order such repairs as may be necessary to protect the public interest or the health, safety, or welfare of occupants of the housing.

(c) Require any housing sponsor to pay to the agency such fees as it may prescribe to defray its costs incurred in connection with the examination, inspection, supervision, auditing, or other regulation of the housing sponsor.

(d) Regulate the retirement of any capital investments or the redemption of stock or the distribution of any equity interest in any housing sponsor.

(e) Order any housing sponsor to do, or to refrain from doing, any act, as may be necessary to comply with the provisions of state, federal, or local laws, the rules and regulations of the agency, or the terms of any contract between the agency and the housing sponsor.

(f) Withhold the transfer of construction payments to a housing sponsor pending adequate performance, as determined by the agency, of any acts required of such housing sponsor pursuant to the provisions of this division or pursuant to any agreement by and between the agency and such housing sponsor.

41482. Every housing sponsor of a rental or cooperative housing development which receives a construction loan or mortgage loan or a grant pursuant to this part shall enter into an agreement with the agency providing for the regulation of the disposition of property and the limitation of profit. Any housing sponsor of a rental housing development receiving a mortgage loan pursuant to this part, other than a nonprofit housing sponsor or local public entity, shall enter into an agreement including limitation of earnings distribution to an annual amount no greater than 6 percent of the equity invested in the housing development, unless a higher limitation on earnings distribution is otherwise provided by rules and regulations of the agency. The agency may permit a distribution greater than 6 percent to investors contributing additional equity money to an existing housing development, or in the case of a housing development over which the agency has assumed managerial and financial control pursuant to Section 41483, or in any case where it would materially contribute to meeting the policies or goals of this division.

41483. Upon making a determination that the financial status of a rental or cooperative housing development is such as to jeopardize any economic interest of the agency in such housing development, the agency may assume managerial and financial control of the housing sponsor and may supervise and prescribe the activities of the housing sponsor in such manner and under such terms and conditions as the agency may stipulate in any contract with the housing sponsor. Such control may be exercised through appointment by the agency to the governing body of such housing sponsor of a number of new members sufficient to constitute a voting majority of the governing body thereof, notwithstanding the provisions of the articles of incorporation or other documents of organization of the housing sponsor.

41484. The agency may prescribe regulations specifying the categories of cost which shall be allowable in the construction or rehabilitation of a housing development. The agency may require any housing sponsor to certify the development costs upon completion of the housing development. Such certification of development costs shall be subject to audit and verification by the agency.

41485. The agency may institute any action or proceeding pursuant to applicable provisions of law against any housing sponsor receiving or assuming a loan under the provisions of this part in any court of competent jurisdiction in order to enforce the provisions of this part or the terms and provisions of any contract between the agency and such housing sponsor, to foreclose its mortgage, or to otherwise protect the public interest or the occupants of the housing development. Where necessary to protect the interests of the agency, it may, in connection with any such action or proceeding, apply to the court for

the appointment of a receiver to take over, manage, operate, and maintain the affairs of the housing sponsor of a rental or cooperative housing development. No receiver shall be appointed unless approved by the agency.

In the event of the reorganization of any housing sponsor, to the extent permitted by law, such reorganization shall be subject to the supervision and control of the agency and no such reorganization shall be effected without the prior written consent of the agency. The agency may provide in its loan agreements that, in the event of a judgment against any housing sponsor in any action to which the agency is not a party, there shall be no sale of the housing development or any portion thereof, except upon 60 days' written notice to the agency. Upon receipt of such notice, the agency or Attorney General shall take such steps as in its judgment may be necessary to protect the rights of all parties.

41486. Whenever a housing sponsor of a rental or cooperative housing development accumulates an earned surplus greater than such operating and replacement reserves as the agency may require, that surplus shall be used to reduce rents within the housing development to a level at which no person or family of low or moderate income occupying the housing development pays more than the affordable rent. Whenever a housing sponsor of a rental or cooperative housing development accumulates an earned surplus greater than such operating and replacement reserves as the agency may require and no person or family of low or moderate income occupying the housing development pays more than the affordable rent, then such surplus shall be transferred to the agency for use in lowering the rents for persons and families of low or moderate income in other housing developments to a level no greater than the affordable rents.

41487. A housing sponsor that is a person or family of low or moderate income shall not receive financial assistance under this part if such person or family has already received assistance under this part for purchase of other real property, unless such property is sold or transferred for good cause as determined by the agency.

#### Article 6. Priorities

41495. In selecting proposals for financing, the agency shall give priority consideration to the needs of identifiable groups within the state, as identified by the California Statewide Housing Plan. Such groups may include, but need not be limited to the elderly and the handicapped large households, and persons and families displaced by governmental action or natural disaster. The agency shall also consider rural areas, areas in which new construction is needed, areas in which rehabilitation is needed, and areas of credit shortage where financing is needed for the purchase of existing housing in order to maximize the impact of the agency's financial activities on employment, reduction of housing costs, and maintenance of local economic activity. The agency shall balance its activity between metropolitan, non-metropolitan, and rural areas of the state in general proportion to the needs identified in the Statewide Housing Plan. The agency may also

give priority consideration to, and reserve funds for use in connection with, large urban revitalization programs.

In order to facilitate implementation of local housing allocation plans, the agency may contract with a local public entity to reserve a portion of available credit and subsidy assistance for that area for one year. Such contracts may be renewed annually by mutual agreement.

41496. Subject to the availability of adequate subsidies, not less than 30 percent of the combined total units financed by mortgage loans and neighborhood improvement loans pursuant to this part during each fiscal year shall be made available on a priority basis to very low income households. Subject to the availability of adequate subsidies, not less than 20 percent of the units in each housing development shall be made available on a priority basis to very low income households, except that such requirement shall not apply to nonprofit family housing developments with 100 percent financing or housing developments of less than 12 units where the agency finds it is not necessary to make units available in the development for very low income households to meet the requirement of making 30 percent of total units available to very low income households. Units required to be made available on a priority basis pursuant to this section, shall be offered exclusively to persons within the priority group unless or until the agency permits the unit to be offered to other potential occupant groups.

41497. If in any fiscal year, the number of units in housing financed pursuant to this part made available to very low income households falls below 25 percent of the total units in housing financed by mortgage loans pursuant to this part, the agency shall immediately notify the Governor, the Speaker of the Assembly, and the Senate Rules Committee and shall recommend such legislation or other action as may be required to make at least 20 percent of the units so available.

41498. At the time a mortgage loan commitment is made to finance any rental housing development, a written agreement between the agency and housing sponsor shall be executed, designating the number of units to be made available on a priority basis within such housing development to very low-income households, to persons and families of low or moderate income, and to other households. If the number of units occupied by very low-income households in any housing development ever falls below the number agreed to by the agency and housing sponsor, then units which become available for occupancy shall, subject to available subsidies be made available on a priority basis to very low-income households until the number of units so occupied equals at least the number specified in the agreement. The agency may from time to time review agreements designating the allocation of units and, subject to agreement with the housing sponsor, may increase the number of units to be made available to very low-income households if consistent with maintenance of the financial integrity of the housing development and continuance of permitted earnings distributions, or may establish minimum rents or minimum incomes for occupancy of units becoming vacant and not otherwise allocated to very low-income households if necessary to the financial integrity of the housing development and continuance of permitted earnings distributions.

41499. Nothing in this part, including Section 41337, shall require the agency to allocate more than 25 percent of the units in any single housing development to very low-income households, except housing designed for occupancy by elderly or handicapped households or housing developments of 12 units or less, with respect to which the board finds it necessary for the purposes of this division that such proportion be exceeded.

41500. Not less than 30 percent nor more than 40 percent of the units financed by the agency during each fiscal year for very low-income households shall be designed specifically for occupancy by elderly or handicapped persons. The agency shall in each fiscal year, finance at least that number of rental units designed for occupancy and accessibility by persons with orthopedic disabilities necessary to make such units equal to the same percentage relationship to the total number of rental units as such persons comprise when compared to the total population of the state. The percentage shall only, however, relate to those persons qualified by income and the percentage relationship shall be verified according to submarket areas within the state.

41501. The agency shall assist housing sponsors in obtaining subsidies. In selecting housing to be given assistance under this division, the agency shall give priority to those which are able to obtain subsidies but cannot obtain alternative financing in order to utilize such subsidies. The agency shall make every effort to obtain subsidy funds and nothing in this division shall preclude the agency from meeting the eligibility requirements for obtaining federal housing subsidy allocations.

41502. To implement the purposes of this division, the agency shall develop or require housing sponsors to develop, pursuant to regulations of the agency, resident selection plans for housing developments, which shall provide that preference be given to households displaced by a housing development, public action, or natural disaster. Such plans shall include criteria for resident selection, which shall establish income limits for residents, and may include a counseling program designed to promote the financial success of the housing development or the health, safety, and welfare of residents of the housing development. The agency may make participation in such a counseling program a condition or precondition of occupancy of a housing development. The agency may develop or require housing sponsors to develop, pursuant to regulations of the agency, resident selection plans for large urban revitalization programs which recognize a need to attract a full range of income groups for housing developments in central-city areas.

#### Article 7. State and Local Cooperation

41510. The agency may, in connection with a housing development, arrange or contract with a local public entity (1) for the planning, re-planning, opening, grading or closing of streets, roads, roadways, alleys or other places, (2) for the furnishing of utilities or any community, municipal or public facilities or services, (3) for the acquisition by a local public entity of property or property rights, or (4) for the

furnishing of property or services Any local public entity may, upon finding that a public purpose is served thereby, enter into such contractual agreements with the agency and to do all things necessary to carry out its obligations.

41511 Notwithstanding any other provision of law, the Department of General Services any other state agency or officer authorized by law to convey real property of the state and any local public entity may, in his or its discretion from time to time sell, lease for a term not exceeding 99 years, grant, or convey to the agency or to a housing sponsor designated by the agency any real property and appurtenances thereto or any interest therein owned by the state or local public entity which the agency shall certify as necessary for its purposes Such certification of need shall be evidenced by a formal request from the president of the agency Any such sale, lease, grant or conveyance shall be made with or without consideration and upon such terms and conditions as may be mutually agreed upon by the state or local public entity and the agency However, before any such sale, lease, grant, or conveyance is made at less than fair market value, the agency shall make a finding that the difference between the consideration required and fair market value will inure primarily to the benefit of persons and families of low or moderate income living in a housing development or a residential structure.

41512 (a) Upon application to the department, any city, county, city and county, or combination thereof acting jointly, or the duly-constituted governing body of an Indian reservation or rancheria shall be certified as a local housing agent by the department if the department determines that the applicant meets the criteria specified in subdivision (b). If a local housing agent consists of more than one city, county, or city and county, each such entity shall individually meet the criteria of subdivision (b) All applications of prospective housing sponsors for loans or grants authorized by this part for housing developments or neighborhood improvement loans shall be reviewed by the local housing agent, if any, for the area in which the housing development or neighborhood improvement loan is to be financed The local housing agent shall approve an application for a loan or grant for a housing development or a neighborhood improvement loan unless it expressly finds that the application does not meet one or more of the following criteria:

(1) The proposed housing development conforms with a housing element that meets the requirements of subdivision (b).

(2) The proposed housing development is consistent with the provision of a full range of housing opportunities within the jurisdiction of the local housing agent

(3) The proposed housing development would be in compliance with applicable federal, state, and local laws, including laws prohibiting discrimination in housing



An application shall be deemed approved if the local housing agent fails to approve or reject it within 40 days following the date of submission.

(b) A local housing agent shall meet all of the following criteria:

(1) The local housing agent shall have adopted a housing element, as required by subdivision (c) of Section 65302 of the Government Code, and an affirmative housing plan, if required by Section 65008 of the Government Code. The housing element shall not conflict with any housing assistance plan submitted to the federal government as part of an application to obtain funds for community development or housing.

(2) The housing element of the local agency shall make adequate provision for all economic and racial segments of the community in new and rehabilitated housing throughout its jurisdiction.

(3) The local housing agent shall develop or specify a procedure, which shall be identified in its application to the agency, to expedite the processing of zoning changes, use permits, building permits, environmental clearance, and any other type of permit, approval, or clearance which may be required by the city, county, or city and county or by any other local public entity or governmental agency prior to construction or rehabilitation of a housing development.

(c) No housing development shall be assisted by a loan authorized by this part, unless the housing development has received the approval of both the local housing agent and the agency. This subdivision shall not be applicable to housing developments proposed for areas in which there is no local housing agent.

(d) A local housing agent may delegate the function specified in this section to any local public entity, with the approval of the agency.

(e) At any time a local housing agent ceases to meet the criteria specified in subdivision (b), the department may decertify the local housing agent. Certification of the local housing agent shall be reviewed annually by the department. Recertification shall not be granted if the department finds that, during the preceding year, the local housing agent has unreasonably denied approval of applications or has ceased to perform its functions under subdivision (a).

41513. To facilitate coordinated planning on an intergovernmental basis, the agency shall provide an opportunity for review and comment by areawide clearinghouses under circular A-95 of the United States Office of Management and Budget. Subsequent amendments shall be reviewed to assure their conformity with the intent of this division. If such an areawide clearinghouse, within 30 days after receiving notification of a proposed housing development of over 25 units within its jurisdiction, notifies the agency that it disapproves of such housing development, the agency shall prior to recordation of a loan to finance the housing development provide to the areawide clearinghouse a written explanation of the board's reasons for proceeding despite such disapproval. No local agency shall be required to contribute money to be expended to pay the costs of the requirements of this section.

## CHAPTER 6 NEIGHBORHOOD PRESERVATION

41550 This chapter empowers the agency to designate participating concentrated rehabilitation areas and participating mortgage funds assistance areas and to enter into agreements with local public entities for systematic code enforcement. It does not limit agency powers to provide construction loans and mortgage loans involving the rehabilitation of housing developments as provided in Chapter 5 (commencing with Section 41450) of this part, nor does it prevent loans for new construction pursuant to Chapter 5 (commencing with Section 41450) in areas where financing is provided pursuant to this chapter.

41550 5. The agency shall, after public hearings, establish priorities for the allocation of financing assistance pursuant to this chapter among eligible areas and counties and cities throughout the state. In so doing, the agency shall take into account the following factors, to the extent applicable:

(a) The impact of financing assistance in upgrading substandard residential structures to decent, safe, and sanitary condition.

(b) The impact of financing assistance in stabilizing urban neighborhoods and preventing or arresting the process of deterioration.

(c) The impact of financing assistance in effectuating the efficient utilization of commitments of housing subsidies, thereby increasing housing opportunities for low and very low income households.

(d) The impact of financing assistance in complementing the local utilization of community development funds made available pursuant to Title 1 of the Housing and Community Development Act of 1974 (Public Law 93-383).

(e) The availability and feasibility of alternative means to achieve substantially the same results as financing assistance provided pursuant to this chapter.

41551. Upon application by a local public entity, the agency may designate an area within a city or county as a participating concentrated rehabilitation area if it makes the following findings:

(a) The area was selected after citizen participation by the governing body of the city or county in which the area is located.

(b) There are a significant number of older and deteriorating residential structures in such area requiring rehabilitation.

(c) Rehabilitation assistance is necessary to enable and encourage residents in such area to cooperate in a local program of concentrated code enforcement.

(d) Rehabilitation of residential structures will arrest deterioration in the area.

(e) Rehabilitation of residential structures in the area is economically feasible.

(f) The local public entity has offered to contract with the agency to (1) provide necessary supporting neighborhood public improvements and services, such as street improvements, landscaping and acquisition of open space, undergrounding of utility lines, and construction of drainage facilities in the area for which eligibility has been requested, and (2) provide concentrated and continuing enforcement of state and local housing and building standards in such area.

(g) The local public entity will make every effort to prevent unnecessary displacement in accomplishing rehabilitation and has an adequate program of relocation advisory assistance for persons unavoidably displaced due to rehabilitation.

(h) The supply of housing available to very low-income households at affordable rents and the supply of housing available to other persons and families of low or moderate income at affordable rents will not be reduced within the area because those displaced will receive relocation payments and be able to obtain standard housing in the area. Alternatively, standard housing will be available at affordable rents in equally desirable neighborhoods, expanding the range of housing opportunities for minority and low income persons.

(i) The local public entity has adopted a housing element in compliance with Section 65302 of the Government Code with housing element guidelines which sets forth an effective plan for systematic enforcement of state and local building and housing standards throughout its jurisdiction.

(j) The application is consistent with local housing assistance plans adopted pursuant to the Housing and Community Development Act of 1974 (Public Law 93-383).

41552. Upon approval of an application for designation of an area as a participating concentrated rehabilitation area, the agency may either:

(a) Enter into an agreement with the local public entity for purchase by the agency of bonds and notes issued pursuant to Chapter 3 (commencing with Section 37950) of Part 13 of Division 24; or

(b) Enter into an agreement with the local public entity for a program of rehabilitation assistance as provided in Section 41553 or 41554, or both, to be administered by the local public entity; or

(c) Enter into an agreement with the local public entity for a program of rehabilitation assistance as provided in Section 41553, or 41554, or both, to be administered by the agency, except that the agency shall make mortgage loans only under the conditions of Chapter 5 (commencing with Section 41450).

41553. Financing assistance for housing developments in participating concentrated rehabilitation areas shall include any or all of the following types of loans

(a) Development loans to prepare for rehabilitation

(b) Mortgage loans for purchase of housing developments rehabilitated pursuant to rules and regulations of the agency

(c) Construction loans for rehabilitation, or for rehabilitation with acquisition or refinancing

(d) Mortgage loans for rehabilitation, or for rehabilitation with acquisition or refinancing where the cost of acquisition and rehabilitation or the cost of rehabilitation without refinancing exceeds the financial capability of the owner, or would result in rents which are not competitive for the area, as determined by the agency. For owner-occupied housing developments, the terms and interest rates of such mortgage loans shall be commensurate with ability to pay, as established by regulations of the agency.

41554. In addition, neighborhood improvement loans may be provided, on the following terms:

(a) Neighborhood improvement loans shall not be subject to the conditions applicable to mortgage loans or construction loans made for housing developments, except as follows:

(1) Residential structures financed shall be deemed to be housing developments, and their owners housing sponsors, for purposes of Chapter 1 (commencing with Section 41300) and Chapter 2 (commencing with Section 41331) of this part, but excluding Sections 41332 5 and 41338.

(2) All powers authorized as to housing developments shall apply to residential structures financed by neighborhood improvement loans, except that the exercise of powers specified in Sections 41398 shall be permissive.

(3) Neighborhood improvement loans shall be subject to such conditions as may be provided by agreement between the agency and a local public entity administering the program and as provided for specifically in this part.

(b) Neighborhood improvement loans shall be made at market interest, except that loans to persons and families of low or moderate income for residential structures of one to four units which are to be occupied by the owner may be made at lower interest rates based on income.

(c) Neighborhood improvement loans shall be made by the administering agency or local public entity or qualified mortgage lender.

(d) Neighborhood improvement loans shall be made only for residential structures.

(e) Refinancing may be provided, but only as necessary to permit the owner to afford the cost of rehabilitation or to minimize rent increases for occupants of the structure whose rents would otherwise exceed affordable rents due to the expense of rehabilitation, and provided that the cost of rehabilitation is at least 20 percent of the principal amount of the loan.

(f) Neighborhood improvement loans other than for refinancing shall be made for rehabilitation costs. In addition to the actual rehabilitation cost, if any, loans may be made for general repairs and improvements to the structure in amounts not in excess of the greatest of:

(1) Two thousand five hundred dollars (\$2,500) per dwelling unit.

(2) Twenty percent of rehabilitation costs in the case of a residential structure other than a residential structure of one to four units to be occupied by the owner.

(3) Forty percent of rehabilitation costs in the case of a residential structure of one to four units to be occupied by the owner.

(g) The agency shall require that borrowers contract during the term of the loan not to raise residential rentals over an amount which the agency by regulation establishes will yield a fair rate of return and will allow for increases reasonably necessary to provide and continue proper maintenance of the property, except that residential structures

of one to four units which are to be occupied by the owner shall be regulated as to rentals in a manner consistent with subdivision (h) of Section 41551.

"Rehabilitation costs," as used in this section, may include development costs, as defined, which are incurred in the rehabilitation of a housing development or residential structure and such other costs for general renovation of the building as are permitted by agency regulations.

Nothing in this section shall authorize financing for the acquisition of residential structures. The agency may by regulation provide for such additional conditions and agreements, not inconsistent with this section, as are deemed necessary to further the purposes of this part.

41555. Relocation payments shall be made to persons and families displaced in making a site or a residential structure available for rehabilitation or construction financed under this chapter, and relocation advisory assistance provided, as set forth in Section 41397. Relocation payments shall also be made to owners involuntarily displaced because of inability to afford costs of compliance required pursuant to this chapter; but any payment pursuant to Section 4623 of Title 42 of the United States Code or Section 7263 of the Government Code shall be limited to the reasonable cost of a replacement dwelling adequate to accommodate the displaced person or family without regard to whether the dwelling is otherwise comparable to the dwelling formerly occupied, less the amount received from sale of the dwelling.

41556. The agency may designate a participating mortgage funds assistance area, after soliciting maximum feasible participation by local agencies and community organizations, if it makes the following findings:

(a) Market interest mortgage financing is generally unavailable in the area, or only under available special programs.

(b) There is not a substantial number of residential structures in the area which do not conform to rehabilitation standards.

(c) Unavailability of mortgage funds is likely to be a primary cause of deterioration of structures located in the area in the future.

(d) Mortgage assistance in the area is likely to prevent or arrest deterioration in the area.

(e) Mortgage assistance in the area is economically feasible.

(f) The area was selected after citizen participation.

For the purposes of this section, the requirements under Section 41030 shall be limited to owners and residents of buildings proposed as participating residential structures.

(g) Agency activity in the area will inure primarily to the benefit of persons and families of low and moderate income.

41557. In a participating mortgage funds assistance area, the agency may administer programs of neighborhood improvement loans pursuant to Section 41554 and mortgage and construction loans authorized under Section 41553 in a manner consistent with Chapter 5 (commencing with Section 41450) of this part.

41559. Upon application by a local public entity the agency may agree to allocate funds for mortgage loans for rehabilitation of housing developments as required in a citywide or countywide program of enforcement of state and local building and housing standards. Such assistance may be administered by the local public entity or the agency.

#### CHAPTER 7. REVENUE BONDS

41700. The agency may from time to time issue its negotiable bonds in such principal amount as the agency, with the approval of the Housing Bond Credit Committee, shall determine to be necessary to provide sufficient funds for financing housing developments and other residential structures and for the payment of interest on bonds of the agency, establishment of reserves to secure such bonds, and other expenditures of the agency incident to, and necessary or convenient to, issuance of such bonds.

Issuance of the bonds of the agency shall be coordinated by the State Treasurer. To obtain a date for the issuance of bonds, the agency shall inform the State Treasurer of the amount of the proposed issue. Upon such notification, the State Treasurer shall provide three 10-day periods, within the 90 days next following, when the bonds could be issued, subject to approval of the Housing Bond Credit Committee. The agency may choose any date during the suggested periods or any other date to which the agency and the State Treasurer have mutually agreed. The State Treasurer shall sell the bonds on the date chosen according to terms approved by the agency.

The aggregate principal amount of nonguaranteed bonds which may be issued pursuant to this part shall not exceed three hundred million dollars (\$300,000,000), exclusive of indebtedness incurred to refund or renew previously issued bonds of the agency to the extent of the outstanding principal indebtedness of such previously issued bonds, including the payment of any redemption premium thereon and any interest accrued or to accrue to the date of redemption of such bonds. Guaranteed taxable bonds to be issued by the agency may be authorized in an amount not exceeding one hundred fifty million dollars (\$150,000,000).

Notwithstanding any other provisions of this part, only the following types of housing developments and other residential structures are eligible for mortgage loans made with the proceeds of bonds:

(a) Housing developments and other residential structures financed with bonds of the agency guaranteed under Section 802 of Title VIII of the Federal Housing and Community Development Act of 1974.

(b) Housing developments and other residential structures financed with bonds of the agency that are guaranteed, or the timely payment of principal and interest of which is insured, by an agency of the state or by a private insuring entity authorized to engage in such business.

(c) Housing developments and other residential structures, the mortgage loans on which are expected to be insured under a program utilizing federal coinsurance as authorized under Section 244 of Title III of the Federal Housing and Community Development Act of 1974 (P.L. 93-383).

(d) Housing developments and other residential structures, the bonds or mortgage loans on which are expected to be insured or guaranteed by an agency of the state, a political subdivision of the state, or by a private insuring entity authorized to engage in such business

(e) Housing developments and other residential structures, the mortgage loans on which are expected to be insured by the Federal Housing Administration or guaranteed by the United States Veterans Administration or by the Farmers Home Administration of the United States Department of Agriculture.

(f) Housing developments and other residential structures financed by a loan made by the agency to a qualified mortgage lender, if both of the following conditions are met:

(1) The loan to the qualified mortgage lender is a general obligation of the mortgage lender, and

(2) The qualified mortgage lender is a member of, or a subsidiary of, a member of, the Federal Deposit Insurance Corporation or of the Federal Savings and Loan Insurance Corporation

(g) Housing developments and other residential structures financed by tax-exempt bonds for which a bond reserve fund is created which equals either the average annual debt service or the maximum annual interest on the bonds issued.

41702 Except as may otherwise be expressly provided by resolution of the agency, every issue of its bonds shall be general obligations of the agency payable out of any assets, revenues, or moneys of the agency, subject only to any agreements with the holders of particular bonds pledging any particular assets, revenues or moneys

41703. The bonds shall be authorized by resolution or resolutions of the agency, shall bear such date or dates, and shall mature at such time or times as such resolution or resolutions may provide, except that no bond shall mature more than 50 years from the date of its issue. The bonds may be issued as serial bonds or as term bonds, or as a combination thereof, and, notwithstanding any other provision of law, the amount of principal of, or interest on, bonds maturing at each date of maturity need not be equal. The bonds shall bear interest at such rate or rates, be in such denominations, be in such form, either coupon or registered, carry such registration privileges, be executed in such manner, be payable in such medium of payment at such place or places within or without the state, and be subject to such terms of redemption as such resolution or resolutions may provide. The bonds of the agency shall be sold at public or private sale by the State Treasurer at or below such price level or levels as the agency shall determine prior to any sale or sales.

41703.5. The agency may, from time to time, issue (1) notes to renew notes and (2) other bond obligations to pay notes, including the interest thereon, and, whenever it deems refunding expedient, to refund any bonds by the issuance of new bonds, whether the bonds to be refunded have or have not matured and to issue bonds partly to refund bonds then outstanding and partly for any of its purposes.

41704. Any resolution or resolutions authorizing any bonds or issue therefor may contain provisions, which shall be a part of the contract or contracts with the holders thereof, as to:

(a) Pledging all or any part of the revenues of the agency to secure the payment of the bonds or any issue thereof, subject to such agreements with bondholders as may then exist

(b) Pledging all or any part of the assets of the agency, including mortgages and obligations securing the same, to secure the payment of the bonds or any issue thereof, subject to such agreements with bondholders as may then exist.

(c) The use and disposition of the gross income from mortgages owned by the agency and payment of principal of mortgages owned by the agency.

(d) The setting aside of reserves or sinking funds and the regulation and disposition thereof.

(e) Limitations on the purposes to which the proceeds of a sale of bonds may be applied and pledging such proceeds to secure the payment of the bonds or of any issue thereof

(f) Limitations on the issuance of additional bonds, the terms upon which additional notes or bonds may be issued and secured, and the refunding of outstanding bonds.

(g) The procedure, if any, by which the terms of any contract with bondholders may be amended or abrogated, the amount of bonds the holders of which must consent thereto, and the manner in which such consent may be given.

(h) Limitations on the amount of moneys to be expended by the agency for operating expenses of the agency.

(i) Vesting in a trustee or trustees such property, rights, powers, and duties in trust as the agency may determine, which may include any or all of the rights, powers, and duties of the trustee appointed by the bondholders pursuant to this part and limiting or abrogating the right of the bondholders to appoint a trustee or limiting the rights, powers, and duties of such trustee.

(j) Defining the acts or omissions to act which shall constitute a default in the obligations and duties of the agency to the holders of the bonds and providing for the rights and remedies of the holders of the bonds in the event of such default, including as a matter of right the appointment of a receiver. However, such rights and remedies shall not be inconsistent with the general laws of the state and the other provisions of this division.



(k) Any other matters, of like or different character, which in any way affect the security, protection, or investment return of the holders of the bonds.

41704.5. Any resolution or resolutions authorizing any bonds or issue thereof shall specify the extent to which revenues resulting from loans made with proceeds of the bonds so authorized are to be used to secure the bonds and the extent to which such revenues may be used for other purposes.

41705. Any pledge made by the agency shall be valid and binding from the time when the pledge is made. The revenues, moneys, or property so pledged and thereafter received by the agency shall immediately be subject to the lien of such pledge without any physical delivery thereof or further act, and the lien of any such pledge shall be valid and binding as against all parties having claims of any kind in tort, contract, or otherwise against the agency, irrespective of whether such parties have notice thereof. Neither the resolution nor any other instrument by which a pledge is created need be recorded.

41705.5. Bond underwriters and consultants shall be selected by the agency.

41706. The members of the board, the president of the agency, or any other person executing such notes or bonds shall not be subject to any personal liability or accountability by reason of the issuance thereof.

41707. There is hereby created a Housing Bond Credit Committee composed by the State Controller, the State Treasurer, the Director of Finance, the president, and an executive secretary. The executive secretary shall be appointed by the Governor and shall serve at the pleasure of the committee. The executive secretary shall serve in a full-time capacity with a salary set by the committee. The executive secretary shall aid the committee in the performance of its duties under this chapter, as directed by the committee, and shall perform the functions specified in Section 41311.5. The members of the committee other than the executive secretary shall serve on the committee without compensation. A majority shall be empowered to act for such committee. Prior to the issuance of any bonds, the board shall submit to the committee a statement of the purpose for which bonds are proposed to be issued and the amount of the proposed issuance. The committee shall determine the general adequacy of the program's security in protecting the state's credit. If the committee finds the state's credit would be subject to an undue risk, it may disapprove the proposed issuance or reduce the amount of the proposed issuance.

41708. The State Treasurer shall act as trustee for the agency and the holders of its bonds. Any resolution authorizing any bonds or issue thereof shall prescribe the duties of the State Treasurer with respect to the issuance, authentication, sale, and delivery of the bonds, the payment of principal and interest thereof, and the redemption of the bonds.

The agency may provide by a resolution for the deposit of all revenues pledged for the security of such bonds in one or more separate accounts in the California Housing Finance Fund under the control of the State Treasurer as trustee. The money in such accounts shall be disbursed only as provided in the resolution.

The board may authorize the State Treasurer to act as trustee on behalf of the holders of its bonds, or any stated percentage thereof, for the purpose of exercising and prosecuting on behalf of the holders of the bonds such rights and remedies as may be available to such holders. However, nothing in this section shall preclude the appointment of a trustee other than the State Treasurer, to represent and enforce rights of holders of bonds of the agency if, and in the manner and under conditions, provided in the resolution authorizing the bonds.

Additionally, the board may appoint a corporate trustee to act as trustee pursuant to this section in lieu of the State Treasurer in any instance in which the board is advised by bond counsel that a conflict of interest would arise from the Treasurer acting as such trustee.

41709. The State Treasurer or other trustee acting on behalf of bondholders shall have and possess all the powers necessary or convenient for the exercise of any functions specifically set forth in this part or incident to the general representation of bondholders in the enforcement and protection of their rights. The Superior Court of Sacramento County shall have jurisdiction of, and Sacramento County shall be the appropriate venue for, any suit, action, or proceedings by the trustee on behalf of bondholders.

41710. Whether or not the bonds are of such form and character as to be negotiable instruments under, or subject to, the terms of the California Uniform Commercial Code, the bonds and any security instruments underlying the bonds are hereby made negotiable instruments within the meaning of, and for all the purposes of, such code, subject only to the provisions of the bonds for registration.

41711. In the event any of the board members or officers of the agency whose signatures appear on any bonds or coupons shall cease to be such board members or officers before the delivery of such bonds, such signatures shall, nevertheless, be valid and sufficient for all purposes, the same as if such board members or officers had remained in office until such delivery.

41712. Proceeds derived from the issuance of bonds or securities and any interest or other increment derived from the investment thereof may be used for any of the purposes of the agency, including, but not limited to, creation of reserves, repayment of the loan from the state made pursuant to the act enacting this division, operating costs, other expenses, and subsidy programs.

41713. The agency, in its discretion and pursuant to agreements with bondholders, may create and establish one or more special accounts in the California Housing Finance Fund, which shall be known as "bond reserve funds," and shall pay into each such bond reserve fund

(1) any moneys appropriated and made available by the Legislature for the purpose of such fund, (2) any proceeds of sale of bonds to the extent provided in the resolution or resolutions of the agency authorizing the issuance thereof, and (3) any other moneys which the agency may make available for the purpose of such bond reserve fund from any other source or sources. All moneys held in any bond reserve fund, except as otherwise provided in this part, shall be used, as required, solely for the payment of the principal of bonds secured in whole or in part by such fund, for the sinking fund payments authorized by this part with respect to such bonds, for the purchase or redemption of such bonds, for the payment of interest on such bonds, or for the payment of any redemption premium required to be paid when such bonds are redeemed prior to maturity. However, moneys in a bond reserve fund shall not be withdrawn therefrom at any time in such amount as would reduce the amount of the bond reserve fund to less than the bond reserve fund requirement established for such fund, as provided in Section 41714, except for the purpose of making, with respect to bonds secured in whole or in part by such fund, payment when due of principal, interest, redemption premiums, and the sinking fund payments, as provided in this part, for the payment of which other moneys of the agency are not available. Any income or interest earned by, or increment to, any bond reserve fund due to the investment thereof may be transferred by the agency to other funds or accounts of the agency to the extent it does not reduce the amount of the bond reserve fund below the bond minimum bond reserve fund requirement for such fund.

In computing the amount of bond reserve funds for the purpose of this section, securities in which all or a portion of such funds are invested shall be valued at par if purchased at par, and shall be valued at amortized value, as such term is defined by resolution of the agency, if purchased at other than par.

41714. The agency shall not at any time issue bonds, if upon issuance of the bonds, the amount in any bonds reserve fund, established pursuant to Section 41713 to secure such bonds or any previous issuance of bonds, will be less than the minimum bond reserve fund requirement for such fund, unless the agency at the time of issuance of such bonds, shall deposit in such fund from the proceeds of the bonds to be issued, or from other sources, an amount which, together with the amount then in such fund, will not be less than the bond reserve fund requirement for such fund. For the purposes of this chapter, the term "bond reserve fund requirement" shall mean, as of any particular date of computation, an amount of money, as provided in the resolution or resolutions of the agency authorizing the bonds with respect to which such bond reserve fund is created, that is established as a reserve for current or future obligations to the bondholders.

41715. The Supplementary Bond Security Account is hereby created in the California Housing Finance Fund. Moneys in such account

may be transferred into separate, individual accounts in the fund, which shall be known as supplementary reserve accounts, but the amount appropriated to the Supplementary Bond Security Account shall be utilized to secure issuances of bonds under this chapter as deemed necessary by the agency and shall be used for no other purpose. Upon issuance of any bonds pursuant to this chapter, the agency may create a supplementary reserve account to secure payment of the principal of, and interest and sinking fund payment on, such bonds.

When all obligations secured by all supplementary reserve accounts are retired, the Supplementary Bond Security Account shall be dissolved and all moneys therein shall be used first for repayment to the General Fund in the State Treasury of the amount advanced to the Supplementary Bond Security Account by the act enacting this division, less any amount previously repaid on account of such advance. Remaining funds shall be paid into the general accounts of the housing finance agency unless otherwise obligated.

When the amount in a bond reserve fund falls below the minimum bond reserve fund requirement for such fund and available revenues of the agency pledged to the prescribed minimum bond reserve fund requirement are insufficient to restore such fund, the agency shall transfer to the bond reserve fund, from the supplementary bond reserve account securing such bonds, the amount necessary to restore such fund to the minimum bond reserve fund requirement. Moneys in supplementary reserve accounts may be used to directly pay the interest, principle and sinking fund payments on the bonds as provided by bond resolution. To secure issuances of bonds, the supplementary reserve accounts may also be used to insure mortgages to protect the value of the housing developments or other residential structures serving as real property security in any manner permitted by bond resolution.

If the issuance of bonds of the state, as provided in Part 4 (commencing with Section 41800) of this division, is approved by the voters, all moneys in the Supplementary Bond Security Account shall, upon replacement by general obligation bond proceeds, be transferred to the general accounts of the housing finance agency. The agency shall then transfer to the General Fund in the State Treasury the remaining amount necessary to repay the Treasury for the appropriation to the Supplementary Bond Security Account.

41716. The agency shall create and establish such other accounts in the California Housing Finance Fund as may be necessary or desirable for its agency purposes.

41717. The agency may provide for the issuance of refunding bonds for the purpose of refunding any bonds then outstanding which have been issued under the provisions of this chapter, including the payment of any redemption premium thereon and any interest accrued or to accrue to the date of redemption of such bonds, and for any purpose of the agency. The issuance of such obligations, the maturities and other details thereof, the rights of the holders thereof, and the

rights, duties, and obligations of the agency in respect of the same shall be governed by the provisions of this chapter which relate to the issuance of bonds, insofar as such provisions may be appropriate therefor.

41718. Refunding bonds issued as provided in Section 41717 may be sold or exchanged for outstanding bonds issued under this part and, if sold, the proceeds thereof may be applied, in addition to any other authorized purposes, to the purchase, redemption, or payment of such outstanding bonds. Pending the application of the proceeds of any such refunding bonds, with any other available moneys, (1) to the payment of the principal, accrued interest, and any redemption premium on the bonds being refunded, (2) to the payment of any interest on such refunding bonds, or (3) to any expenses incurred in connection with such refunding, such proceeds may be invested in such obligations as are permitted under the bond resolution authorizing the issuance of refunding bonds.

41719. The state does hereby pledge to and agree with the holders of any bonds issued under this part that the state will not limit or alter the rights hereby vested in the agency to fulfill the terms of any agreements made with the holders thereof or in any way impair the rights and remedies of such holders until such bonds, together with the interest thereon, with interest on any unpaid installments of interest and all costs and expenses in connection with any action or proceeding by or on behalf of such holders, are fully met and discharged. The agency is authorized to include this pledge and agreement of the state in any agreement with the holders of such notes or bonds.

41720. Bonds issued under the provisions of this part shall not be deemed to constitute a debt or liability of the state or of any political subdivision thereof, other than the agency, or a pledge of the faith and credit of the state or of any such political subdivision, other than the agency, but shall be payable solely from funds herein provided therefor. All such bonds and any prospectus or other printed representation of the agency concerning such bonds shall contain on the face thereof a statement to the following effect: "Neither the faith and credit nor the taxing power of the State of California is pledged to the payment of the principal of or interest on this bond."

The issuance of bonds under the provisions of this part shall not directly or indirectly or contingently obligate the state or any political subdivision thereof to levy or to pledge any form of taxation whatever therefor or to make any appropriation for their payment. Nothing contained in this section shall prevent or be construed to prevent the agency from pledging its full faith and credit to the payment of bonds or issue of bonds authorized pursuant to this part.

41721. The bonds of the agency shall be legal investments in which all public officers and public bodies of this state, its political subdivisions, all municipalities and municipal subdivisions, all insurance companies and associations and other persons carrying on an insurance business, all banks, bankers, banking institutions, including savings and

loan associations, building and loan associations, trust companies, savings banks and savings associations, investment companies and other persons carrying on a banking business, all administrators, guardians, executors, trustees and other fiduciaries, and all other persons whatsoever who are now or may hereafter be authorized to invest in bonds or in other obligations of the state, may properly and legally invest funds, including capital, in their control or belonging to them. The bonds may be used by any such private financial institution, person, or association as security for public deposits. The bonds are also hereby made securities which may properly and legally be deposited with and received by all public officers and bodies of the state or any agency or political subdivision of the state and all municipalities and public corporations for any purpose for which the deposit of bonds or other obligations of the state is now or may hereafter be authorized by law, including deposits to secure public funds.

#### PART 4. HOUSING FINANCE BOND LAW OF 1975

41800. This part shall be known and may be cited as the Housing Finance Bond Law of 1975.

41801. Bonds in the total amount of five hundred million dollars (\$500,000,000), or so much thereof as is necessary, may be issued and sold to provide a fund to be used by the California Housing Finance Agency to finance housing developments and other residential structures, as authorized in this division, for the primary purpose of increasing the availability of housing within this state for persons and families of low or moderate income, and to be used to reimburse the General Obligation Bond Expense Revolving Fund pursuant to Section 16724.5 of the Government Code. However, the proceeds of the bonds shall first be used to repay to the General Fund in the State Treasury the amount advanced to the Supplementary Bond Security Account established by Part 3 of this division, less amounts already repaid on account of such advance at the time of the issuance of the bonds and, to the extent required by Section 41806.5, proceeds shall be transferred to the Housing Rehabilitation Insurance Fund. Such bonds shall be known and designated as the State Housing Finance Bonds, and when sold, shall be and constitute a valid and binding obligation of the State of California, and the full faith and credit of the State of California are hereby pledged for the punctual payment of both principal and interest on such bonds as such principal and interest become due and payable.

The state shall not have outstanding at any one time general obligation bonds specified in this part in an aggregate principal amount exceeding five hundred million dollars (\$500,000,000), excluding bonds issued to refund outstanding bonds.

41802. The Housing Bond Credit Committee created by Section 41707, upon the request of the board stating the purposes for which bonds are proposed to be issued and the amount of the proposed issuance, shall determine whether or not a bond issue under this part is

necessary or desirable to accomplish such purposes. The committee shall have the authority and shall perform the functions specified in the State General Obligation Bond Law, Chapter 4 (commencing with Section 16720) of Part 3, Division 4, Title 2 of the Government Code.

41803. There shall be collected each year and in the same manner and at the same time as other state revenue is collected such sum in addition to the ordinary revenues of the state as shall be required to pay the principal and interest on the bonds maturing in that year, and it is hereby made the duty of all officers charged by law with any duty in regard to the collection of such revenue to do and perform each and every act which shall be necessary to collect such additional sum.

41804. There is hereby appropriated from the General Fund in the State Treasury for the purposes of this part, such an amount as will equal the following:

(a) Such sum annually as will be necessary to pay the principal and interest on bonds issued and sold pursuant to the provisions of this part as such principal and interest become due and payable.

(b) Such sum as is necessary to carry out the provisions of Section 41805, which sum is appropriated without regard to fiscal years.

41804.5 The General Obligation Bond Account is hereby created in the California Housing Finance Fund.

41805. For the purposes of carrying out the provisions of this part, the Director of Finance may by executive order authorize the withdrawal from the General Fund of an amount or amounts not to exceed the amount of the unsold bonds which have been authorized to be sold for the purposes specified in Section 41801. Any amounts withdrawn shall be deposited in the General Obligation Bond Account in the California Housing Finance Fund, and any moneys made available in such a manner shall be returned to the General Fund from moneys received from the sale of bonds sold for such purposes.

41806. The proceeds of bonds issued and sold pursuant to this part shall be deposited in the General Obligation Bond Account in the California Housing Finance Fund and may be expended only for the purposes specified in this division. Any interest or other increment resulting from the deposit or investment of moneys in the General Obligation Bond Account shall be deposited in such account. Moneys derived by the agency from financing housing developments with the proceeds of bonds issued pursuant to this part shall be deposited in such account. Notwithstanding any other provision of this division, moneys in the General Obligation Bond Account and moneys, property, and mortgages derived therefrom shall not be pledged to secure any obligation of the agency created pursuant to Chapter 7 (commencing with Section 41700) of Part 3 of this division.

41806.5 Within 120 days after the agency sells general obligation bonds pursuant to this part, there shall be transferred from the proceeds of such bonds to the Housing Rehabilitation Insurance Fund created by Senate Bill No. 4 of the 1975-76 First Extraordinary Session, if enacted, an amount which, as of the date of such transfer, is

equal to that amount of money deposited, and required to be maintained, in the loan insurance reserve account or accounts of the Housing Rehabilitation Insurance Fund for the purpose of securing commitments and contracts of insurance for loans made or assisted pursuant to Part 3 (commencing with Section 41300) of this division. For general obligation bond funds transferred to the Housing Rehabilitation Insurance Fund pursuant to this section the amounts necessary for the payment of principal, interest, and sinking fund payments on such bonds shall be transferred from the Housing Rehabilitation Insurance Fund to the General Obligation Bond Account to the extent reserves and working capital of the Housing Rehabilitation Insurance Fund would not be impaired.

41807. On the several dates on which funds are remitted pursuant to Section 16676 of the Government Code for the payment of the then maturing principal and interest on the bonds in each fiscal year, there shall be returned into the General Fund in the State Treasury moneys from the General Obligation Bond Account in the California Housing Finance Fund in an amount which is sufficient for the payment of principal and interest on the bonds then due and payable, if, and to the extent that, the transfer of such moneys from the General Obligation Bond Account in the California Housing Finance Fund will not unreasonably impair the working capital of the California Housing Finance Agency. In the event moneys transferred from the General Obligation Bond Account in the California Housing Finance Fund to the General Fund on such remittance dates are less than the principal and interest then due and payable with respect to the bonds, then the balance remaining unpaid, together with interest thereon at the rate borne by such bonds compounded semiannually from the date of maturity, shall be returned into the General Fund out of the General Obligation Bond Account in the California Housing Finance Fund as soon thereafter as it shall become available, without unreasonable impairment of the working capital of the agency.

41808. The bonds authorized by this part shall be prepared, executed, issued, sold, paid and redeemed as provided in the State General Obligation Bond Law, Chapter 4 (commencing with Section 16720) of Part 3, Division 4, Title 2 of the Government Code, and all of the provisions of that law are applicable to the bonds and to this part, and are hereby incorporated in this part as though set forth in full herein.

41809. As used in this part and for purposes of the State General Obligation Bond Law, Chapter 4 (commencing with Section 16720) of Part 3, Division 4, Title 2 of the Government Code, the following terms shall have the following meanings:

- (a) "Bond" means a state general obligation bond issued pursuant to this part and known as a state housing finance bond.
- (b) "Board" means the Board of Directors of the California Housing Finance Agency.



(c) "Committee" means the Housing Bond Credit Committee created by Section 41707.

(d) "Fund" means the General Obligation Bond Account in the California Housing Finance Fund created by Section 41804.5.

SEC. 8. A special election is hereby called to be held throughout the state on the second day of November, 1976. The special election shall be consolidated with the general election to be held on that date. The consolidated election shall be held and conducted in all respects as if there were only one election and only one form of ballot shall be used. Except as otherwise provided in this act, all of the provisions of law relating to the submission of measures proposed by the Legislature shall apply to the measure submitted pursuant to this act. A ballot pamphlet shall be prepared, compiled and distributed relating to the Housing Finance Bond Law of 1975 as set forth in Part 4 (commencing with Section 41800) of Division 31 of the Health and Safety Code, as proposed by this act. The Secretary of State shall distribute the ballot pamphlets to the county clerks not later than 45 days before the election, and the county clerks shall commence to mail such pamphlets to the voters not less than 15 days before the election. The distribution of ballot pamphlets in all respects shall be conducted in accordance with the provisions of Section 3573 of the Elections Code.

SEC. 9. At the special election called by this act there shall be submitted to the electors Part 4 (commencing with Section 41800) of Division 31 of the Health and Safety Code, as proposed in this act, which shall appear as the first proposition on the ballot. All provisions of this act shall control the submission of Part 4 (commencing with Section 41800) of Division 31 of the Health and Safety Code, as proposed by this act, and the holding of the special election called by this act.

SEC. 10. Upon the effective date of this section, arguments for and against the measure hereby ordered submitted to the electors shall be prepared in time, form and manner as provided in Article 1.8 (commencing with Section 3527) of Chapter 1 of Division 4 of the Elections Code.

SEC. 11. The special election provided for in this act shall be proclaimed, held, conducted, the ballots shall be prepared, marked, collected, counted and canvassed and the results shall be ascertained and the returns thereof made in all respects in accordance with the provisions of the Constitution applicable thereto and the law governing general elections insofar as provisions thereof are applicable to the election provided for in this act; provided, however that the Governor need not issue his election proclamation until 30 days before the election.

SEC. 12. Notwithstanding any other provision of law, all ballots at said election shall have printed thereon and in a square thereof, the words, "For the Housing Finance Bond Law of 1975" and in the same square under said words the following in eight-point type: "This

act provides for a bond issue of five hundred million dollars (\$500,000,000) to provide funds for financing housing." In the square immediately below the square containing such words, there shall be printed on said ballot the words, "Against the Housing Finance Bond Law of 1975," and in the same square immediately below said words, in eight-point type shall be printed "This act provides for a bond issue of five hundred million dollars (\$500,000,000) to provide funds for financing housing." Opposite the words "For the Housing Finance Bond Law of 1975," and "Against the Housing Finance Bond Law of 1975," there shall be left spaces in which the voters may place a cross in the manner required by law to indicate whether they vote for or against said act, and those voting for said act shall do so by placing a cross opposite the words, "For the Housing Finance Bond Law of 1975," and those voting against the act shall do so by placing a cross opposite the words "Against the Housing Finance Bond Law of 1975," provided, that where the voting of such election is done by means of voting machines used pursuant to law in such manner as to carry out the intent of this section, such use of such voting machines and the expression of the voters' choice by means thereof, shall be deemed to comply with the provisions of this section. The Governor of this state shall include the submission of this act to the people, as aforesaid, in his proclamation for such election.

SEC. 13. The votes cast for or against the Housing Finance Bond Law of 1975 shall be counted, returned and canvassed and declared in the same manner and subject to the same rules as votes cast for state officers; and if it appears that said act shall have received a majority of all the votes cast for and against it at said election as aforesaid, then the same shall have effect as heretofore provided, and shall be irrevocable until the principal and interest of the liabilities herein created shall be paid and discharged; but if a majority of the votes cast as aforesaid are against the Housing Finance Bond Law of 1975 then the same shall be and become void.

SEC. 14. Upon the effective date of this section the Secretary of State shall request the Legislative Analyst to prepare an analysis of the measure in accordance with Section 88003 of the Government Code. Such analysis shall be filed with the Secretary of State within the time specified in the Elections Code.

SEC. 15. Section 8 of Chapter 1222 of the Statutes of 1965 is repealed.

SEC. 16. It is the intent of the Legislature that Section 15 of this act shall have the effect of making permanent the transfer of the Division of Housing and of other functions to the Department of Housing and Community Development effected by Chapter 1222 of the Statutes of 1965 and that the status, position and rights of persons serving in the state civil service and employed by the Commission of Housing and Community Development or the Department of Housing and Community Development shall continue to be retained by them pursuant to the State Civil Service Act (Part 2 (commencing with Section 18500) of Division 5 of Title 2 of the Government Code).

SEC. 17. The sum of ten million seven hundred fifty thousand dollars (\$10,750,000) is hereby appropriated from the General Fund according to the following schedule:

- (a) To the California Housing Finance Agency for its initial expenses -----\$750,000  
 (b) For transfer to the Bond Security Account in the California Housing Finance Fund -----\$10,000,000

Moneys advanced pursuant to subdivision (a) of this section shall be deposited in the California Housing Finance Fund within 10 days after the date on which this act becomes effective, and shall be repaid from revenues of the agency not later than January 1, 1986.

Such moneys advanced pursuant to subdivision (a) shall constitute, and be accounted for, as advances to the agency and a like amount shall be repaid to the General Fund in the State Treasury, without interest, from all available operating revenues of the California Housing Finance Agency in excess of amounts required for the payment or securing of bonds or other reserves or obligations of the agency or for its current operating expenses.

SEC. 18. For 150 days following the effective date of this act:

(1) The California Housing Finance Agency may provide financing or other assistance under the provisions of Division 31 (commencing with Section 41000) of the Health and Safety Code for housing developments and other residential structures within a proposed concentrated rehabilitation area without making the findings otherwise required by Section 41551 if prompt action is necessary to obtain federal housing subsidies; (2) The board of directors of such agency may adopt interim rules and regulations without regard to the requirements in subdivision (e) of Section 41385 which rules and regulations shall apply to housing developments and other residential structures financed by the agency pursuant to applications submitted during such 150 day period. Interim regulations of the agency pursuant to Division 31 (commencing with Section 41000) of the Health and Safety Code also need not comply with requirements of the Administrative Procedure Act, except that they shall be published and available to the general public. Comments shall be requested on the interim regulations as a basis for producing permanent regulations. By mutual agreement of the agency and any housing sponsor, any provision of the permanent regulations may be substituted for a provision of the interim regulations after the effective date of the permanent regulations."

**Amendment 8**

On page 9, strike out lines 3 to 13, inclusive; and strike out pages 10 to 107, inclusive.

The undersigned consent to the report:

PETER H BEHR	BRUCE NESTANDE
GEORGE MOSCONE	PETER R. CHACON
Senate Committee on Conference	JOHN F. FORAN
	Assembly Committee on Conference

**Request for Unanimous Consent**

Mr. Chacon was granted unanimous consent that Mr. Robert Klein, Principal Consultant to the Joint Committee on Community Development and Housing Needs, be permitted to sit at his desk during consideration of Assembly Bill No. 1.

**Demand for Previous Question**

Messrs. Siegler, Suitt, Torres, Calvo, and Deddeh demanded the previous question. Demand sustained.

The question being on the adoption of the Report of the Conference Committee on Assembly Bill No. 1.

Report adopted by the following vote:

**AYES—68**

Alatorre	Deddeh	Lentzen	Ralph
Arnott	Dison	Lowry	Robinson
Bane	Duffy	Loebner	Rosenbath
Bernal	Egeland	MacDonald	Siegler
Bushman	Fenton	Maddy	Sisotto
Busby	Fusan	McAdams	Suitt
Butterfield	Gasconardi	McLellan	Thomas, Vincent
Brown	Goggia	Meller	Thomas, William
Calvo	Greene	Mobley	Thurman
Carpenter	Guales	Montoya	Torres
Chacon	Hart	Mori	Vasconcellos
Chappie	Hayden	Murphy	Vazquez
Chel	Ingalls	Nestande	Warren
Chimbele	Kapiloff	Nehme	Wilson
Corson	Keene	Papan	Wernum
Cullen	Kepner	Pease	Z'berg
Davis	Knox	Prelo	Mr. Speaker

**NOES—8**

Antonovich	Burke	Gline	Lorenzetti
Bedham	Campbell	Gollie	McLennan
Briggs			

NOTE: On June 19, 1975, the action was rescinded whereby the Report of the Conference Committee on Assembly Bill No 1 was adopted See page 515.

**RECESS**

At 12:36 p.m., Speaker McCarthy declared the Assembly recessed.

**REASSEMBLED**

At 1 p.m., the Assembly reconvened.

Hon. Leo T. McCarthy, Speaker of the Assembly, presiding.

**VOTE CHANGES**

The following Members were granted unanimous consent to record their votes: On the Conference Committee Report on Assembly Bill No. 1: Mr. McLennan, "No"; Mr. Mobley, "Aye".

**ADJOURNMENT**

At 1:01 p.m., Speaker McCarthy declared the Assembly adjourned until 1 p.m., Tuesday, June 17, 1975.

LEO T. MCCARTHY, Speaker

ANABEL FLEURY, Minute Clerk

## CALIFORNIA LEGISLATURE

1975-76 FIRST EXTRAORDINARY SESSION

**ASSEMBLY DAILY JOURNAL**SIXTY-EIGHTH LEGISLATIVE DAY  
ONE HUNDRED TWENTY-FIRST CALENDAR DAY.**IN ASSEMBLY**Assembly Chamber, Sacramento  
Tuesday, June 17, 1975

The Assembly met at 7:52 p.m.

Hon. Leo T. McCarthy, Speaker of the Assembly, presiding.

Chief Clerk James D. Driscoll at the Desk.

Assistant Clerk Ray Monday reading.

**ROLL CALL**

The roll was called, and the following answered to their names—78:

Alatorre	Collier	Knox	Perino
Antonovich	Craven	Lancaster	Priolo
Arnett	Cullen	Lanterman	Ralph
Badham	Davis	Lewis	Robinson
Bane	Deddeh	Lockyer	Rosenthal
Bannai	Dixon	MacDonald	Siegler
Berman	Duffy	Maddy	Sieroty
Beverly	Egeland	McAlister	Suitt
Boatwright	Fenton	McLennan	Thomas, Vincent
Briggs	Foran	McVittie	Thomas, William
Brown	Garamendi	Meade	Thurman
Burke	Goggin	Miller	Torres
Calvo	Greene	Mobley	Vasconcellos
Campbell	Gualco	Montoya	Vicencia
Carpenter	Hart	Mori	Warren
Chacon	Hayden	Murphy	Wilson
Chappie	Ingalls	Nestande	Wornum
Chel	Kaploff	Nimmo	Z'berg
Chumhole	Keene	Papan	Mr. Speaker
Cline	Keysor		

Quorum present.

**PRAYER**

Upon invitation of Speaker McCarthy, the following prayer was offered by Reverend John Folmer of Immaculate Conception Church:

*God of the Universe*, We pause a moment to consider that the history and the future of our world and of our lives rests in Your loving hands. Encourage us to see the goodness and the beauty of Your creation and of our existence as we ponder our problems and develop their solutions. Grant that whatever we may accomplish will reflect and foster the beauty, vitality, and goodness of Your world and enrich the human quality of our lives.—AMEN.

**PLEDGE OF ALLEGIANCE TO THE FLAG**

Upon request of Speaker McCarthy, Mr. Hayden then led the Assembly in the pledge of allegiance to the Flag.

**MOTION TO DISPENSE WITH READING OF THE JOURNAL**

Further reading of the Journal of the previous legislative day was dispensed with on motion of Mr. Calvo, seconded by Mr. Beverly.

**LEAVES OF ABSENCE FOR THE DAY**

The following Member was granted leave of absence for the day, because of illness:

Mr. Tucker, on request of Speaker McCarthy.

**ADJOURNMENT**

At 7:53 p.m., Speaker McCarthy declared the Assembly adjourned until 9 a.m., Wednesday, June 18, 1975.

LEO T. McCARTHY, Speaker

ANABEL FLEURY, Minute Clerk

## CALIFORNIA LEGISLATURE

1975-76 FIRST EXTRAORDINARY SESSION

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**ASSEMBLY DAILY JOURNAL**

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SIXTY-NINTH LEGISLATIVE DAY  
ONE HUNDRED TWENTY-SECOND CALENDAR DAY

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**IN ASSEMBLY**

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Assembly Chamber, Sacramento  
Wednesday, June 18, 1975

The Assembly met at 10:16 a.m.

Hon. Lous J. Papan, Speaker pro Tempore of the Assembly, presiding.

Chief Clerk James D. Driscoll at the Desk.

Assistant Clerk Ray Monday reading.

**ROLL CALL**

The roll was called, and the following answered to their names--78:

Alatorre	Collier	Knox	Perino
Antonovich	Craven	Lancaster	Priolo
Arnett	Cullen	Lanterman	Ralph
Badham	Davis	Lewis	Robinson
Bane	Deddeh	Lockyer	Rosenthal
Bannai	Dixon	MacDonald	Siegler
Berman	Duffy	Maddy	Sieroty
Beverly	Egeland	McAlister	Suitt
Boatwright	Fenton	McLennan	Thomas, Vincent
Briggs	Foran	McVittie	Thomas, William
Brown	Garamendi	Meade	Thurman
Burke	Goggin	Miller	Torres
Calvo	Greene	Mobley	Vasconcellos
Campbell	Gualco	Montoya	Vicencia
Carpenter	Hart	Mori	Warren
Chacon	Hayden	Murphy	Wilson
Chappie	Ingalls	Nestande	Wornum
Chel	Kapiloff	Nimmo	Z'berg
Chimbole	Keene	Papan	Mr. Speaker
Gline	Keysor		

Quorum present.

**REGULAR BUSINESS DISPENSED WITH**

By unanimous consent, the regular order of business of the Assembly was dispensed with for this legislative day.

**LEAVES OF ABSENCE FOR THE DAY**

The following Member was granted leave of absence for the day, because of illness:

Mr Tucker, on request of Speaker pro Tempore Papan.

**ADJOURNMENT**

At 10:17 a m., Speaker pro Tempore Papan declared the Assembly adjourned until 1 p.m., Thursday, June 19, 1975.

LEO T. McCARTHY, Speaker

ANABEL FLEURY, Minute Clerk



CALIFORNIA LEGISLATURE

1975-76 FIRST EXTRAORDINARY SESSION

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# ASSEMBLY DAILY JOURNAL

SEVENTIETH LEGISLATIVE DAY  
ONE HUNDRED TWENTY-THIRD CALENDAR DAY

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**IN ASSEMBLY**

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Assembly Chamber, Sacramento  
Thursday, June 19, 1975

The Assembly met at 1 p.m.

Hon. Louis J. Papan, Speaker pro Tempore of the Assembly, presiding.

Chief Clerk James D. Driscoll at the Desk.

Assistant Clerk Ray Monday reading.

**ROLL CALL**

The roll was called.

**Quorum Call of the Assembly**

Pending the announcement of the vote, Mr. Greene moved a quorum call of the Assembly.

Mr. Foran seconded the motion.

Motion carried. Time, 1:02 p.m.

The Speaker pro Tempore directed the Sergeant at Arms to close the doors, and to bring in the absent Members.

**Speaker Presiding**

At 1:20 p.m., Hon. Leo T. McCarthy, 18th District, presiding.

**PROCEEDINGS UNDER CALL OF THE ASSEMBLY  
BY UNANIMOUS CONSENT  
QUORUM PRESENT**

At 1:25 p.m., Speaker McCarthy declared a quorum of the Assembly present.

The roll call was completed, and the following answered to their names—75:

Alatorre	Collier	Lancaster	Priolo
Akhonovich	Craven	Lanterman	Ralph
Arnett	Cullen	Lewis	Robinson
Bane	Davis	Lockyer	Rosenthal
Bannai	Deddeh	MacDonald	Siegler
Berman	Dixon	Maddy	Sieroty
Beverly	Duffy	McAlister	Suitt
Boatwright	Egeland	McLennan	Thomas, Vincent
Briggs	Fenton	McVittie	Thomas, William
Brown	Foran	Meade	Thurman
Burke	Garamendi	Miller	Torres
Calvo	Goggin	Mobley	Vasconcellos
Campbell	Greene	Montoya	Vicencia
Carpenter	Gualco	Mori	Warren
Chacon	Hart	Murphy	Wilson
Chappie	Ingalls	Nestand	Wornum
Chel	Kéene	Nimmo	Z'berg
Chimbole	Keyser	Papan	Mr. Speaker
Cline	Knox	Perino	

#### PRAYER

Upon invitation of Speaker McCarthy, the following prayer was offered by Honorable Ken MacDonald, Member, 36th Assembly District:

*Our Heavenly Father, We thank Thee for this opportunity to serve the people of California. We welcome the presence of the Boys State leaders meeting with us here today. Guide us to have the wisdom to meet the serious challenges of our state and nation. Lord, help us to do those things that are most pleasing in Thy Sight.—AMEN.*

#### PLEDGE OF ALLEGIANCE TO THE FLAG

Upon request of Speaker McCarthy, Mr. Calvo then led the Assembly in the pledge of allegiance to the Flag.

#### READING OF THE JOURNAL DISPENSED WITH

By unanimous consent, reading of the Journal of the previous legislative day was dispensed with.

#### LEAVES OF ABSENCE FOR THE DAY

The following Members were granted leaves of absence for the day, because of illness:

Mr. Hayden, on request of Speaker McCarthy.

Mr. Tucker, on request of Speaker McCarthy.

The following Member was granted leave of absence for the day, on legislative business, and desired to waive his per diem:

Mr. Badham, on request of Speaker McCarthy.

The following Member was granted leave of absence for the day, on personal business, and desired to waive his per diem:

Mr. Kapiloff, on request of Speaker McCarthy.

NOTE: For letter explaining the absence of Mr. Badham on this day on legislative business pursuant to the Assembly Rules, see Assembly Daily Journal for the Regular Session for this day.

#### MESSAGES FROM THE SENATE

Senate Chamber, June 18, 1975

Mr. Speaker: I am directed to inform your honorable body that the Senate on this day adopted the report of the Committee on Conference concerning:

Assembly Bill No. 1

DARRYL R. WHITE, Secretary of the Senate  
By John W. Rovane, Chief Assistant Secretary

#### REQUEST FOR UNANIMOUS CONSENT TO RESCIND ACTION ON ASSEMBLY BILL NO. 1

Mr. Chacon was granted unanimous consent to rescind the action whereby the Assembly, on June 16, 1975 (Assembly Journal, page 508), adopted the Conference Committee Report on Assembly Bill No. 1, and to withdraw the Conference Committee Report on Assembly Bill No. 1 which was presented to the Assembly on June 16, 1975.

#### REPORT OF COMMITTEE ON CONFERENCE

The following report of Committee on Conference was received, and read:

Assembly Chamber, June 12, 1975

Mr. Speaker: The Committee on Conference concerning:

Assembly Bill No. 1, as amended in Senate May 22, 1975—An act to amend Sections 11552, 11556, 16522, and 53651 of the Government Code, and to add Division 31 (commencing with Section 41000) to, and to repeal Part 8 (commencing with Section 37000) of Division 24 of, the Health and Safety Code, and to repeal Section 8 of Chapter 1222 of the Statutes of 1965, relating to housing, making an appropriation therefor, and providing for the preparation, issuance, and sale of state bonds to create a fund to be used by the California Housing Finance Agency to make loans for financing housing developments, and providing for the submission of the bond measure to the people at a special election to be consolidated with the 1976 general election; consisting of the undersigned members, has met, and reports that it has agreed to recommend the following:

That the amendments of the Senate be concurred in, and that the bill be further amended as follows:

**Amendment 1**

In line 1 of the heading of the printed bill, as amended in Senate May 22, 1973, after "Alatorre," insert "Arnett,".

**Amendment 2**

In line 2 of the heading, strike out "Calvo," and insert "Brown, Calvo, Carpenter, Chappie,".

**Amendment 3**

In line 4 of the heading, strike out "Leroy F.".

**Amendment 4**

Strike out line 6 of the heading, and insert "Maddy, McAlister, McCarthy, McVittie, Meade, Miller, Mobley, Montoya, Perino, Ralph,".

**Amendment 5**

In line 9 of the heading, strike out "Wornum, and Ralph", and insert "and Wornum".

**Amendment 6**

In line 11 of the heading, after "Gregorio," insert "Holden,".

**Amendment 7**

On page 9, strike out line 2, and insert "SECTION 1. Section 11552 of the Government Code is amended to read:

11552. An annual salary of thirty thousand dollars (\$30,000) shall be paid to each of the following:

- (a) Superintendent of Banks
- (b) Commissioner of Corporations
- (c) Insurance Commissioner
- (d) Director of Transportation
- (e) Real Estate Commissioner
- (f) Savings and Loan Commissioner
- (g) Director of Benefit Payments
- (h) Director of Water Resources
- (i) Director of Food and Agriculture
- (j) Director of Corrections
- (k) Director of General Services
- (l) Director of Industrial Relations
- (m) Director of Motor Vehicles
- (n) Director of Youth Authority
- (o) Commissioner, California Highway Patrol
- (p) Members of the Public Utilities Commission
- (q) Director of Employment Development
- (r) Director of Alcoholic Beverage Control
- (s) Director of Housing and Community Development

SEC. 2. Section 11556 of the Government Code is amended to read:

11556. An annual salary of twenty-five thousand dollars (\$25,000) shall be paid to each of the following:

- (a) Director of Navigation and Ocean Development
- (b) Director, Office of Emergency Services
- (c) Members of the Adult Authority

- (d) Members of the Board of Equalization
- (e) Members of the State Water Resources Control Board
- (f) Members of the Youth Authority Board
- (g) State Fire Marshal

SEC. 3. Section 16522 of the Government Code is amended to read:

16522. The following securities may be received as security for demand and time deposits:

(a) Bonds, notes, or other obligations of the United States, or those for which the faith and credit of the United States are pledged for the payment of principal and interest.

(b) Notes or bonds or any obligations of a local public agency (as defined in the United States Housing Act of 1949) or any obligations of a public housing agency (as defined in the United States Housing Act of 1937) for which the faith and credit of the United States are pledged for the payment of principal and interest.

(c) Bonds of this state or of any county, city, town, metropolitan water district, municipal utility district, municipal water district, bridge and highway district, flood control district, school district, water district, water conservation district or irrigation district within this state, and, in addition, revenue or tax anticipation notes, and revenue bonds payable solely out of the revenues from a revenue-producing property owned, controlled or operated by this state, or such local agency or district, or by a department, board, agency, or authority thereof.

(d) Registered warrants of this state.

(e) Bonds, consolidated bonds, collateral trust debentures, consolidated debentures, or other obligations issued by the United States Postal Service, federal land banks or federal intermediate credit banks established under the Federal Farm Loan Act, as amended, debentures and consolidated debentures issued by the Central Bank for Cooperatives and banks for cooperatives established under the Farm Credit Act of 1933, as amended, bonds or debentures of the Federal Home Loan Bank Board established under the Federal Home Loan Bank Act, bonds, debentures and other obligations of the Federal National Mortgage Association established under the National Housing Act as amended, in the bonds of any federal home loan bank established under said act, and in bonds, notes, and other obligations issued by the Tennessee Valley Authority under the Tennessee Valley Authority Act, as amended.

(f) Bonds and notes of the California Housing Finance Agency issued pursuant to Chapter 7 (commencing with Section 41700) of Part 3 of Division 31 of the Health and Safety Code.

SEC. 4. Section 53651 of the Government Code, as amended by Section 4 of Chapter 464 of the Statutes of 1973, is amended to read:

53651. Eligible securities are any of the following:

(a) United States Treasury notes, bonds, bills or certificates of indebtedness, or obligations for which the faith and credit of the United States are pledged for the payment of principal and interest.

(b) Notes or bonds or any obligations of a local public agency (as defined in the United States Housing Act of 1949) or any obligations of a public housing agency (as defined in the United States Housing Act of 1937) for which the faith and credit of the United States are

pledged for the payment of principal and interest.

(c) Bonds of this state or of any local agency or district of the State of California having the power, without limit as to rate or amount, to levy taxes to pay the principal and interest of such bonds upon all property within its boundaries subject to taxation by such local agency or district, and in addition, sales tax revenue bonds, and revenue bonds and other obligations payable solely out of the revenues from a revenue-producing property owned, controlled or operated by such state, local agency or district or by a department, board, agency or authority thereof.

(d) Bonds of any public housing agency (as defined in the United States Housing Act of 1937, as amended) as are secured by a pledge of annual contributions under an annual contribution contract between such public housing agency and the Public Housing Administration if such contract shall contain the covenant by the Public Housing Administration which is authorized by subsection (b) of Section 22 of the United States Housing Act of 1937, as amended, and if the maximum sum and the maximum period specified in such contract pursuant to said subsection 22 (b) shall not be less than the annual amount and the period for payment which are requisite to provide for the payment when due of all installments of principal and interest on such obligations.

(e) Registered warrants of this state.

(f) Bonds, consolidated bonds, collateral trust debentures, consolidated debentures, or other obligations issued by the United States Postal Service, federal land banks or federal intermediate credit banks established under the Federal Farm Loan Act, as amended, debentures and consolidated debentures issued by the Central Bank for Cooperatives and banks for cooperatives established under the Farm Credit Act of 1933, as amended, bonds, or debentures of the Federal Home Loan Bank Board established under the Federal Home Loan Bank Act, bonds, debentures and other obligations of the Federal National Mortgage Association or of the Government National Mortgage Association established under the National Housing Act, as amended, bonds of any federal home loan bank established under said act, and obligations of the Tennessee Valley Authority.

(g) Notes, tax anticipation warrants or other evidence of indebtedness issued pursuant to Article 7 (commencing with Section 53820), Article 7.5 (commencing with Section 53840) or Article 7.6 (commencing with Section 53850) of this Chapter 4.

(h) State of California notes.

(i) Bonds, notes, certificates of indebtedness, warrants or other obligations issued by: (1) any state of the United States (except this state), or the Commonwealth of Puerto Rico, or any local agency thereof having the power to levy taxes, without limit as to rate or amount, to pay the principal and interest of such obligations, or (2) any state of the United States (except this state), or the Commonwealth of Puerto Rico, or a department, board, agency or authority thereof, which are payable solely out of the revenues from a revenue-producing source owned, controlled or operated thereby; provided such obligations issued by an entity described in subsection (1) are rated in one of the three highest grades, and such obligations

issued by an entity described in subsection (2) are rated in one of the two highest grades by a nationally recognized investment service organization that has been engaged regularly in rating state and municipal issues for a period of not less than five years.

(j) Obligations issued or guaranteed by the International Bank for Reconstruction and Development, Inter-American Development Bank, and the Government Development Bank of Puerto Rico.

(k) Participation certificates of the Export-Import Bank of the United States.

(l) Bonds and notes of the California Housing Finance Agency issued pursuant to Chapter 7 (commencing with Section 41700) of Part 3 of Division 31 of the Health and Safety Code.

This section shall become inoperative and is repealed on the operative date of Section 53651 of the Government Code as amended by Section 5 of the chapter amending this section at the 1973-74 Regular Session.

SEC. 5. Section 53651 of the Government Code, as amended by Section 5 of Chapter 464 of the Statutes of 1973, is amended to read: 53651. Eligible securities are any of the following:

(a) United States Treasury notes, bonds, bills or certificates of indebtedness, or obligations for which the faith and credit of the United States are pledged for the payment of principal and interest.

(b) Notes or bonds or any obligations of a local public agency (as defined in the United States Housing Act of 1949) or any obligations of a public housing agency (as defined in the United States Housing Act of 1937) for which the faith and credit of the United States are pledged for the payment of principal and interest.

(c) Bonds of this state or of any local agency or district of the State of California having the power, without limit as to rate or amount, to levy taxes to pay the principal and interest of such bonds upon all property within its boundaries subject to taxation by such local agency or district, and in addition, sales tax revenue bonds, and revenue bonds and other obligations payable solely out of the revenues from a revenue-producing property owned, controlled or operated by such state, local agency or district or by a department, board, agency or authority thereof.

(d) Bonds of any public housing agency (as defined in the United States Housing Act of 1937, as amended) as are secured by a pledge of annual contributions under an annual contribution contract between such public housing agency and the Public Housing Administration if such contract shall contain the covenant by the Public Housing Administration which is authorized by subsection (b) of Section 22 of the United States Housing Act of 1937, as amended, and if the maximum sum and the maximum period specified in such contract pursuant to said subsection 22(b) shall not be less than the annual amount and the period for payment which are requisite to provide for the payment when due of all installments of principal and interest on such obligations.

(e) Registered warrants of this state.

(f) Bonds, consolidated bonds, collateral trust debentures, consolidated debentures, or other obligations issued by the United States Postal Service, federal land banks or federal intermediate credit banks established under the Federal Farm Loan Act, as

amended, debentures and consolidated debentures issued by the Central Bank for Cooperatives and banks for cooperatives established under the Farm Credit Act of 1933, as amended, bonds, or debentures of the Federal Home Loan Bank Board established under the Federal Home Loan Bank Act, bonds, debentures and other obligations of the Federal National Mortgage Association or of the Government National Mortgage Association established under the National Housing Act, as amended, bonds of any federal home loan bank established under said act, and obligations of the Tennessee Valley Authority.

(g) Notes, tax anticipation warrants or other evidence of indebtedness issued pursuant to Article 7 (commencing with Section 53820), Article 7.5 (commencing with Section 53840) or Article 7.6 (commencing with Section 53850) of this Chapter 4.

(h) State of California notes.

(i) Obligations issued or guaranteed by the International Bank for Reconstruction and Development, Inter-American Development Bank, and the Government Development Bank of Puerto Rico.

(j) Participation certificates of the Export-Import Bank of the United States.

(k) Bonds and notes of the California Housing Finance Agency issued pursuant to Chapter 7 (commencing with Section 41700) of Part 3 of Division 31 of the Health and Safety Code.

This section shall become operative on January 1, 1976.

SEC. 6. Part 8 (commencing with Section 37000) of Division 24 of the Health and Safety Code is repealed.

SEC. 7. Division 31 (commencing with Section 41000) is added to the Health and Safety Code, to read:

## DIVISION 31. HOUSING AND HOME FINANCE

### PART 1. STATE HOUSING POLICY AND GENERAL PROVISIONS

#### CHAPTER 1. LEGISLATIVE FINDINGS AND DECLARATIONS

41000. This division shall be known and may be cited as the Zenovich-Moscone-Chacon Housing and Home Finance Act.

41001. The Legislature finds and declares that the subject of housing is of vital statewide importance to the health, safety, and welfare of the residents of this state, for the following reasons:

(a) Decent housing is an essential motivating force in helping people achieve self-fulfillment in a free and democratic society.

(b) Unsanitary, unsafe, overcrowded, or congested dwelling accommodations constitute conditions which cause an increase in, and spread of, disease and crime.

(c) A healthy housing market is one in which residents of this state have a choice of housing opportunities and one in which the housing consumer may effectively choose within the free marketplace.

(d) A healthy housing market is necessary both to achieve a healthy state economy and to avoid an unacceptable level of unemployment.

41002. The Congress of the United States has established, as a national goal, the provision of a decent home and a suitable living environment for every American family and the Legislature finds



and declares that the attainment of this goal is a priority of the highest order. The national housing goal, as it applies to California, is deserving of adoption by the Legislature, with the accompanying commitment to guide, encourage, and direct where possible, the efforts of the private and public sectors of the economy to cooperate and participate in the early attainment of a decent home and a satisfying environment for every Californian.

The attainment of a national and state housing goal is complicated by a variety of continuing problems, not the least of which are the absence of a coherent housing policy, the absence of a comprehensive framework outlining the dimensions of need and obstacles preventing the fulfillment of such need, the absence of effective private-public mechanisms designed to engender and facilitate a partnership approach to housing, and the absence of effective subsidy programs designed to reach very low income households and other persons and families of low or moderate income.

41003. The Legislature finds and declares that, as a result of public actions involving highways, public facilities, and urban renewal projects, and as a result of poverty and the spread of slum conditions and blight to formerly sound neighborhoods, there exists within the urban and rural areas of the state a serious shortage of decent, safe, and sanitary housing which persons and families of low or moderate income, including the elderly and handicapped, can afford. This shortage is inimical to the safety, health, and welfare of the residents of this state and the sound growth of its communities. Private enterprise and investment, without the assistance contemplated in this division, is not disposed to provide, nor can it economically achieve, the needed construction of decent, safe, and sanitary housing at rentals which persons and families of low and moderate income can afford and the urgently needed rehabilitation of existing housing.

In order to remedy such housing shortages, it is necessary to implement a public program incorporating the following elements and goals:

(a) A reduction in the cost of mortgage financing for rental housing to provide lower rent for persons and families of low or moderate income

(b) A reduction in the cost of mortgage financing for home purchases, in order to make homeownership feasible for persons and families of low or moderate income

(c) The availability of mortgage financing in geographical areas in which private lenders have been unable or unwilling to commit sufficient funds for residential lending

(d) The provision of assistance and encouragement with respect to residential construction and rehabilitation by private enterprise which will house persons of varied economic means in the same structures and neighborhoods, thereby alleviating and contributing to the permanent elimination of slum conditions

(e) An increase in the supply of housing available to the elderly and handicapped and large families

(f) Encouragement and assistance of housing and community development in rural areas and among Indian residents of the state.

(g) Encouragement of mutual self-help housing projects, home management training, and relocation assistance.

(h) Maximum utilization of federal subsidies available to meet housing needs of very low income households and persons and families of low and moderate income.

(i) The provision to local governments of the financial resources, statistical data, and technical assistance needed to assist them in meeting housing needs within their respective jurisdictions. The term "financial resources," as used in this subdivision, means proceeds from the sale of bonds by the agency and federal assistance made available to the agency for any of the purposes of this division.

41004. The Legislature finds and declares that it is to the economic benefit of the state and a public purpose to encourage the availability of adequate housing and home finance for persons and families of low or moderate income, and to develop viable urban and rural communities by providing decent housing, enhanced living environment, and increased economic opportunities for persons and families of low or moderate income. The exercise of the powers specified in this division will be in all respects for the benefit of the people of the state, for their well-being and prosperity, and for the improvement of their social and economic conditions. Therefore, this division shall be liberally construed to effect its purposes.

41005. The Legislature finds and declares that full cooperation and coordination with the cities and counties of the state in meeting the housing needs of the state on a level of government which is as close as possible to the people it serves is essential if workable housing programs are to be developed and implemented.

41006. The Legislature finds and declares that a number of federal housing programs have failed to reach the fundamental goals and purposes for which they were established, especially in urban areas. In California, this failure has often been related to inadequate consideration of the relationship between housing and the community in which the housing is located.

It is the intent of the Legislature in enacting this division to seek to avoid such failures by providing a comprehensive and balanced approach to the solution of housing problems of very low income households and persons and families of low or moderate income in the state. It is further the intent of the Legislature to provide a program which gives consideration, not only to the production and financing of housing, but also to the social and aesthetic impact of such housing. A California housing program must consider the distribution throughout the state of such housing as may be assisted pursuant to this division, the avoidance of imposed economic, ethnic, and racial isolation or concentration, an emphasis on superior design, including the scale and location of such housing, the preparation of communities and persons to avail themselves of the program, and other factors which contribute to a decent living environment. Such program shall be designed to overcome racial isolation and concentration through revitalization of deteriorating and deteriorated urban areas by attracting a full range of income groups to central-city areas to provide economic integration with persons and families of low or moderate income in such areas.

41007. The Legislature finds and declares that the large equities

that the majority of California residents in most economic strata have now accumulated in single-family homes must be protected and conserved.

41008. Nothing in this division shall authorize the imposition of controls on rents for housing units not financed pursuant to this division.

#### CHAPTER 2. DEFINITIONS

41020. Unless otherwise indicated by the context, the definitions contained in this chapter shall govern the construction of this division.

41021. "Affirmative action" means any program created pursuant to rules and regulations of the agency to create greater job opportunities for members of disadvantaged racial, sexual, religious, ancestral, or national-origin groups. Such program shall include educational, promotional, and other appropriate activity designed to secure greater employment opportunity for the members of such groups.

41022. "Affirmative marketing program" means any program approved by the agency that is designed to achieve greater access to housing opportunities created by this division for members of disadvantaged racial, sexual, religious, ancestral or national-origin groups. Such program shall include educational, promotional, and other appropriate activity designed to secure greater housing opportunities for the members of such groups. Where a significant number of persons in a community have limited fluency in the English language, publications implementing an affirmative marketing program in that community shall be provided in the native language of such persons.

41023. "Affordable rent" means rent not in excess of the percentage of the gross income of the occupant person or family established by regulation of the agency and not in excess of market rent. Such percentage shall be established at not more than 25 percent nor less than 15 percent of gross income as will best serve the purposes of this division. The agency shall, by regulation, adopt criteria defining, and providing for determination of, gross income and rent for purposes of this section, which shall be consistent with pertinent regulations of the United States Department of Housing and Urban Development or other federal law with respect to developments aided by the federal government.

41024. "Agency" means the California Housing Finance Agency.

41025. "Assisted housing" means housing financed by a below-market interest rate mortgage insured or purchased, or a loan made, by the Secretary of the United States Department of Housing and Urban Development or by the Farmers Home Administration of the United States Department of Agriculture; or a market-interest-rate mortgage insured or purchased, or a loan made in combination with, or as augmented by, a program of rent supplements or subsidies, interest subsidies, leasing, contributions or grants, or other programs as are now or hereafter authorized by federal law to serve persons and families of low or moderate income, or a mortgage or loan made pursuant to this division, or a mortgage or loan from any private or public source with an interest rate and terms satisfactory

to the agency and which will meet the requirements and purposes of this division.

41026 "Below-market interest" means a below-market interest rate adequate to return to the agency sufficient income to meet its obligations, reserve requirements, and expenses connected with a loan financed by the agency for which such interest rate is established as determined by the agency at the time of commitment of funds, for the permanent financing.

41027. "Board" means the board of directors of the agency.

41028. "Bonds" means bonds, notes (including construction loan notes), debentures, interim certificates, or other evidences of financial indebtedness issued by the agency pursuant to Part 3 (commencing with Section 41300) of this division.

41029. "Cause" means gross neglect of duties, fraud, or violation of Section 41304 or Section 41305.

41030. "Citizen participation" means action by the local public entity that is approved by the agency as sufficient to provide persons who will be affected by financing assistance under the provisions of Chapter 6 (commencing with Section 41550) of Part 3 of this division with opportunities to be involved in planning and carrying out the financing assistance program. "Citizen participation" shall include, but not be limited to, all of the following and in the order provided below:

(1) Holding a public meeting prior to the hearing by the local public entity considering selection of the area for designation.

(2) Consultation with an elected or appointed citizen advisory board, composed of representatives of both owners of property in, and residents of, a proposed participating concentrated rehabilitation area, in developing a plan for public improvements and the rules and regulations for implementation of the proposed rehabilitation assistance program.

(3) Dissemination at least seven days prior to the original hearing by mailing to property owners within the proposed rehabilitation area at the address shown on the latest assessment roll and by distributing to residents of the proposed participating concentrated rehabilitation area by a manner determined appropriate by the local public entity, of information relating to the time and location of the hearing, boundaries of the proposed area, and a general description of the proposed rehabilitation assistance program.

In addition to the requirements of paragraphs (1) to (3), inclusive, any other means of citizen involvement determined appropriate by the legislative body of the local public entity may be implemented.

Public meetings and consultations held to implement the requirements of citizen participation shall be conducted by a planning or rehabilitation official designated by the legislative body of the local public entity. Public meetings shall be held at times and places convenient to residents and property owners.

41031 "Commission" means the Commission of Housing and Community Development.

41032 "Construction loan" means a short-term loan secured by real property, made for development costs incurred in construction or rehabilitation of a housing development.

41033. "Department" means the Department of Housing and

**Community Development.**

41034. "Development costs" means the aggregate of all costs incurred in connection with a housing development which are approved by the agency as reasonable and necessary, including, but not limited to, the following:

(a) The cost of refinancing or acquiring land and any buildings thereon, including payments for commissions, options, deposits, or contracts to purchase properties on a proposed housing development site or payments for the purchase of such properties.

(b) The cost of site preparation, demolition, and clearing.

(c) Architectural, engineering, legal, accounting, consulting, and other fees paid or payable in connection with the planning, execution, and financing of a housing development and the finding of an eligible mortgagee for a housing development.

(d) The cost of necessary studies, surveys, plans, and permits.

(e) The cost of insurance, interest and financing, tax and assessment costs, and other operating and carrying costs incurred during construction or rehabilitation.

(f) The cost of construction, rehabilitation, reconstruction and fixtures, medical facilities, furnishings, equipment, machinery, apparatus, and similar facilities and equipment related to the real property.

(g) The cost of land improvements, including, but not limited to, landscaping, site preparation and streets, sewers, utilities, and other offsite improvements, whether or not such costs are paid in cash or in a form other than cash.

(h) A reasonable profit and risk fee, as defined in regulations of the agency, in addition to job overhead to the general contractor and, if applicable, to a limited-dividend housing sponsor.

(i) An allowance established by the agency for working capital and for reasonable reserves set aside to defray unanticipated additional development costs.

(j) Necessary expenses incurred in connection with initial occupancy of a housing development, including reserves for any anticipated operating deficits to be incurred during the construction period and the initial years of occupancy.

(k) Repayment of a development loan.

(l) The cost of modifying a housing development or structure so that it is accessible to and convenient for the elderly or handicapped.

(m) The cost of such other items, including tenant and homeowner relocation and tenant and homeowner counseling, as the agency shall determine to be reasonable and necessary for the development of a housing development.

The statement of a specific cost item within this section shall in no way imply a requirement that the agency finance that item in making a loan on any housing development. Development costs shall not include any greater portion of the total cost of a housing development owned by a limited-dividend housing sponsor than is consistent with an equity investment sufficient to ensure a substantial and continuing interest by such sponsor in the housing development.

41035 "Development loan" means a loan, made prior to the granting of a construction loan, for planning, acquisition of land and

improvements thereon, and site preparation for a housing development. A development loan may include costs of architectural, engineering, legal and consulting services, the cost of necessary studies, surveys and governmental permits, and the cost of such other items as the agency deems reasonable and necessary for the initial preparation for construction or rehabilitation of a housing development.

41036. "Elderly" means a family in which the head of the household is 60 years of age or older or a single person who is 60 years of age or older. The age may be adjusted by the agency to facilitate participation in other municipal, state, or federal programs.

41037. "Financial interest" has the same meaning as specified in Section 87103 of the Government Code.

41038. "Fund" means the California Housing Finance Fund

41039. "Governmental agency" means the United States of America, the State of California, any city, county, or city and county within this state and any department, division, public corporation, or public agency of this state or of the United States, or two or more of such entities acting jointly, or the duly constituted governing body of an Indian reservation or rancheria

41040. "Guaranteed taxable bonds" means taxable bonds secured by a pledge of the full faith and credit of the United States for the payment of the principal, interest and any redemption premium on bonds issued under the authority of this division. Where the federal guarantees are for less than 100 percent of the liability, municipal, state, or private guarantees, bond insurance, or mortgage insurance shall cover the amount not backed by the federal government

41041. "Handicapped" means a family in which the head of the household is suffering from an orthopedic disability impairing personal mobility or a physical disability affecting his or her ability to obtain employment or a single person with such physical disability, where the family or person requires special care or facilities in the home "Handicapped" also includes a family in which the head of household suffers from a developmental disability specified in subdivision (h) of Section 38003 or a mental disorder which would render him or her eligible to participate in programs of rehabilitation or social services conducted by or on behalf of a public agency, or a single person with such developmental disability or mental disorder.

41043. "Housing development" means any work or undertaking of new construction or rehabilitation, or the acquisition of existing residential structures in good condition, for the provision of housing which is financed pursuant to the provisions of this division for the primary purpose of providing decent, safe, and sanitary housing for persons and families of low or moderate income. "Housing development" also means housing financed pursuant to this part for rental occupancy of, for resale to, or sold to, persons and families of low or moderate income Notwithstanding other provisions of this section "housing development" does not include a work or undertaking financed by a neighborhood improvement loan. A housing development may include housing for other economic groups as part of an overall plan to develop new or rehabilitated communities or neighborhoods, where housing for persons and families of low or moderate income is a primary goal A housing

development may include any buildings, land, equipment, facilities, or other real or personal property which the agency determines pursuant to its rules and regulations to be necessary or convenient in connection with the provision of housing pursuant to this division, including, but not limited to, streets, sewers, utilities, parks, site preparation, landscaping, and other nonhousing facilities, such as administrative, community, health, recreational, educational, commercial facilities, and child-care facilities which the agency determines are an integral part of a housing development or developments.

41044. "Housing sponsor" means any individual, joint venture, partnership, limited partnership, trust, corporation, cooperative, local public entity, duly constituted governing body of an Indian reservation or rancheria, or other legal entity, or any combination thereof, certified by the agency pursuant to rules and regulations of the agency as qualified to either own, construct, acquire or rehabilitate a housing development, whether for profit, nonprofit, or organized for limited profit, and subject to the regulatory powers of the agency pursuant to rules and regulations of the agency and other terms and conditions set forth in this division "Housing sponsor" includes persons and families of low or moderate income who are approved by the agency as eligible to own and occupy a housing development and individuals and legal entities receiving neighborhood improvement loans through the agency.

41045. "Limited-dividend housing sponsor" means any sponsor which owns a housing development and whose profit or cash return is limited pursuant to Section 41482 and regulations adopted by the board pursuant thereto.

41046. "Local housing agent" means a city, county, city and county, or combination thereof acting jointly, or the duly constituted governing body of an Indian reservation or rancheria which is certified by the department pursuant to Section 41512 to review applications by prospective housing sponsors for loans made or assisted under this division for housing developments proposed within the territorial boundaries of the local housing agent.

41047. "Local public entity" means any county, city, city and county, the duly constituted governing body of an Indian reservation or rancheria, redevelopment agency organized pursuant to Part 1 (commencing with Section 33000) of Division 24, or housing authority organized pursuant to Part 2 (commencing with Section 34200) of Division 24, and also includes any state agency, public district or other political subdivision of the state, and any instrumentality thereof, which is authorized to engage in or assist in the development or operation of housing for persons and families of low or moderate income "Local public entity" also includes two or more local public entities acting jointly.

41048. "Market interest" means, except with respect to neighborhood improvement loans, the interest rate determined by the agency, pursuant to its rules and regulations, to be the lowest interest rate generally available in the private market for construction loans, loans for new single-family housing, apartment project loans, or loans on existing housing, as the case may be, at the time of commitment of funds by the agency. In the case of

neighborhood improvement loans, "market interest" shall instead mean an interest rate fixed by the agency, not exceeding 10 percent annual interest nor exceeding the interest rate paid on bonds issued to finance the loan by more than 2 percent.

41049. "Market rent" means the monthly rent established by the agency as competitive according to its own regulations, except where federal regulations provide a required method of determining market rent. Determination of market rent may be reviewed annually upon application by the mortgagor, subject to applicable federal regulations, if any.

41050. "Metropolitan area" means a standard metropolitan statistical area as established by the United States Office of Management and Budget.

41051. "Mortgage" means a mortgage, deed of trust, or other instrument which is a lien on real property. "Mortgage" includes the note secured by such an instrument

41051.5 "Mortgage deficient area" means an area where private lenders have failed to provide sufficient mortgage credit for financing or refinancing of new, existing, or rehabilitated housing developments, and such practices have caused or threaten to cause a decline in the condition or quality of the housing stock in the area.

41052. "Mortgage loan" means a long-term loan which is secured by a mortgage and is made for permanent financing, including refinancing of existing mortgage obligations as authorized by regulation of the agency, of a housing development in the state.

41053. "Mutual self-help housing" means assisted housing for which persons and families of low or moderate income contribute their own labor in individual or group efforts to provide decent, safe, and sanitary housing for themselves, their families, and others occupying the housing

41053.5 "Neighborhood improvement loan" means a loan made for rehabilitation and improvement of a structure in a participating concentrated rehabilitation area or participating mortgage funds assistance area pursuant to Section 41554. Notwithstanding other provisions of this part such loans shall not be utilized for the acquisition of a housing development or a residential structure.

41054. "Nonmetropolitan area" means an area not included in a metropolitan area or a rural area

41055. "Nonprofit housing sponsor" means a nonprofit corporation incorporated pursuant to Part 1 (commencing with Section 9000) of Division 2 of Title 1 of the Corporations Code or a cooperative housing corporation, as defined in subdivision (a) of Section 17265 of the Revenue and Taxation Code, which is certified by the agency as qualified to own a housing development

41055.5 "Owner-occupied housing development" means a housing development containing not more than four residential units, one of which is occupied by the owner of the housing development

41056. "Persons and families of low or moderate income" means persons and families deemed by the agency to be unable to pay the amounts at which unassisted private enterprise is providing suitable, decent, safe, and sanitary housing. The agency shall adopt regulations establishing criteria for qualification of persons and



families of low or moderate income, which may differ among different areas in the state to reflect varying economic and housing conditions. In developing such criteria, factors such as the following shall be taken into consideration:

(a) The amount of the income of such person or family that is available for housing needs.

(b) The size of the household.

(c) The cost and condition of available housing.

(d) The eligibility of such persons and families for federal housing assistance of any type.

"Persons and families of low or moderate income" includes very low income households, but does not include those persons and families whose savings or assets, or whose annual income in combination with such savings and assets, is sufficient to enable them to obtain and maintain decent, safe, and sanitary housing, without undue financial burden, as determined by regulations of the agency.

"Persons and families of low or moderate income" includes persons and families of low, moderate, or middle income, as specified in Section 802 of the Housing and Community Development Act of 1974 (P.L. 93-383).

Income limitations established pursuant to this division for persons and families of moderate income shall not exceed 120 percent of area median income as estimated by the agency from time to time; provided, however, that persons and families with incomes over the area median income, but not exceeding 120 percent of the area median income, may be designated as persons and families of middle income for any purpose of this division to distinguish such persons and families from other persons and families of moderate income. Income limitations for persons and families of low income shall not exceed 80 percent of the area median income. However, the agency and the department jointly, or either acting with the concurrence of the Secretary of the Business and Transportation Agency, may modify such income limitations, upon a determination that they are too low, in a particular geographic area, to qualify persons and families of low or moderate income for occupancy of housing financed pursuant to Part 3 (commencing with Section 41300). Adjustments above or below such maximum income limitations shall be made to compensate for family size. Nothing in this section shall prevent the agency from adopting federal estimates of area median income and adjustments for family size as income limitations for persons and families of low or moderate income.

41057 "Qualified mortgage lender" means a mortgage lender certified by the agency, pursuant to rules and regulations thereof, to do business with the agency. Such a mortgage lender may be a bank or trust company, mortgage banker, federal- or state-chartered savings and loan association, service corporation, or other financial institution or governmental agency which is deemed capable of providing service or otherwise aiding in the financing of construction loans and mortgage loans, and nothing in any other provision of state law shall prevent such a lender or governmental agency from serving as a qualified mortgage lender under this division. A "qualified mortgage lender" that is determined by the agency to have violated state law or the terms of any agreement with the agency shall be

promptly decertified.

41058. "Real property" means all lands, including improvements and fixtures thereon, and property of any nature appurtenant thereto or used in connection therewith, and every estate, interest, and right, legal or equitable, therein, including leaseholds, terms of years, and liens by way of judgment, mortgage, or otherwise.

41060. "Rehabilitation" means repairs and improvements to a dwelling unit necessary to make it an attractive, decent, safe, and sanitary dwelling which meets applicable state and local building and housing standards.

41062. "Rents" or "rentals" mean the charges paid by the persons and families of low or moderate income for occupancy in a housing development assisted under this division whether the units are rented or operated as a cooperative.

41062.5. "Residential structure" means a real property improvement used, or intended to be used, for residential or mixed residential and commercial purposes, or for commercial purposes if, in the judgment of the agency, it is an integral part of a residential neighborhood.

41063. "Rules", "regulations", or "rules and regulations" mean regulations as defined in Chapter 45 (commencing with Section 11371) of Part 1 of Division 3 of Title 2 of the Government Code. All regulations of the department and agency shall be subject to such provisions.

41064. "Rural area" means any open country, or any place, town, village, or city which is not part of or associated with an urban area and which (1) has a population not in excess of 2,500 inhabitants, or (2) has a population in excess of 2,500 but not in excess of 10,000 if it is rural in character, or (3) has a population in excess of 10,000 but not in excess of 20,000, and is not contained within a standard metropolitan statistical area. This definition may be changed by the agency to conform to changes in federal programs.

41064.5. "Rural mortgage area" means an area outside any city, metropolitan area or urban county, as such terms are defined by Section 102 of the Housing and Community Development Act of 1974 (P.L. 93-383).

41066. "Subsidy" means any financial assistance specifically provided by a governmental agency for the benefit of persons and families of low or moderate income, which is paid to an occupant of housing financed pursuant to this part for housing costs or which reduces such occupant's housing costs. "Subsidy" shall not include any benefit resulting from a loan made by the agency nor any benefit derived from the abatement of taxes levied by the state or a political subdivision thereof.

41067. "Very low income households" means (1) persons and families whose incomes do not exceed the qualifying limits for very low income families established pursuant to Section 8 of the United States Housing Act of 1937, or (2), in the event such federal standards become obsolete, persons and families whose incomes do not exceed 50 percent of the median income, as estimated by the agency from time to time, for the area in which the housing units in question are located. Adjustments above or below such maximum income limitations shall be made to compensate for family size variations.

**CHAPTER 3. GENERAL PROVISIONS**

41080. In the event of conflict between this division and any other provision of law, the provisions of this division shall be deemed controlling. If any clause, sentence, paragraph, or section of this division is held invalid by any court of competent jurisdiction, the decision shall not affect or impair any of the remaining provisions.

41081. The Secretary of the Business and Transportation Agency shall be responsible for allocating financial aid and contributions made available directly to state government or to the agency by any agency of the United States for the purpose of subsidizing housing for persons and families of low or moderate income. Housing subsidies shall be first allocated to the agency. Only after the Secretary of the Business and Transportation Agency has determined that the agency has sufficient subsidies for its purposes may housing subsidies be allocated to other divisions of state government.

Nothing in this division shall preclude the establishment of direct relationships between the federal government and local public entities or shall in any way alter the authority of local public entities to directly receive federal funds, nor shall anything in this division be construed to supersede or affect any other provision of law relating to the control of funds by local public entities. Further, nothing in this division shall affect the authority or reduce the obligations specified in Chapter 16 (commencing with Section 7260) of Division 7 of Title 1 of the Government Code with respect to payment of relocation assistance or prevent the receipt and disbursement of federal funds made available to any governmental agency for such purpose.

41082. To further the goals of this division and to enable the success of a statewide housing program, it is essential, and the Legislature intends, that the agency and the department shall closely coordinate their activities to assure that the goals and purposes of this division are realized.

41083. Nothing in this division, except Part 4 (commencing with Section 41800), shall be construed to authorize the creation of a debt or liability of the state within the meaning of Section 1 of Article XVI of the State Constitution.

**PART 2. DEPARTMENT OF HOUSING AND COMMUNITY DEVELOPMENT AND COMMISSION OF HOUSING AND COMMUNITY DEVELOPMENT****CHAPTER 1. ORGANIZATION OF THE DEPARTMENT AND GENERAL POWERS**

41100. The Department of Housing and Community Development is hereby continued in existence in the Business and Transportation Agency.

41101. The department shall be administered by an executive officer known as the Director of Housing and Community Development. The director shall be appointed by the Governor, subject to confirmation by the Senate, and shall hold office at the pleasure of the Governor. The director shall receive the annual salary provided for by Chapter 6 (commencing with Section 11550) of Part 1 of Division 3 of Title 2 of the Government Code.

41102. The provisions of Chapter 2 (commencing with Section 11150) of Part 1 of Division 3 of Title 2 of the Government Code apply to the department, and the director is the head of the department within the meaning of such provisions. The director shall perform all duties, exercise all powers, discharge all responsibility, and administer and enforce all laws, rules, and regulations under the jurisdiction of the department. The director shall keep all books and records necessary for proper and efficient administration of the department.

41103. The Governor shall appoint, upon the recommendation of the director, a deputy director. The deputy director shall hold office at the pleasure of the director and shall receive a salary as shall be fixed by the director with the approval of the Department of Finance.

41104. The work of the department shall be divided into the following three divisions:

- (a) The Division of Codes and Standards.
- (b) The Division of Research and Policy Development.
- (c) The Division of Community Affairs.

41105. Each division shall be in the charge of a chief, under the direction of the director. The chiefs shall be appointed, upon recommendation by the director, by the Governor. Such division chiefs shall hold office at the pleasure of the director, and shall receive a salary as shall be fixed by the director with the approval of the Department of Finance.

41106. For the purposes of this division, the department shall have all of the following powers:

- (a) To sue and be sued in its own name.
- (b) To have an official seal and to alter it at pleasure.
- (c) To make and execute contracts and all other instruments necessary or convenient for the exercise of its powers and functions.
- (d) To employ architects, planners, engineers, attorneys, accountants, experts in housing construction, management and finance, and such other advisers, consultants, and agents as may be necessary in its judgment for the performance of its functions and to fix their compensation in accordance with applicable law.
- (e) To provide advice, technical information, and consultative and technical services as provided in this division.
- (f) To establish, revise from time to time, and charge and collect fees and charges for services provided pursuant to this division.
- (g) To accept gifts or grants or loans of funds or property or financial or other aid from any federal or state agency or private source and to comply with conditions thereof not contrary to law.
- (h) To enter into agreements or other transactions with any governmental agency, including an agreement for administration of a housing or community development program of the governmental agency by the department, or for administration by another governmental agency of a program of the department, either in whole or in part.
- (i) To enter such agreements and perform such acts as are necessary to obtain subsidies for use in connection with the exercise of powers and functions of the department, and to transfer such subsidies to others as required by any such agreement.

(j) To appear in its own behalf before boards, commissions, departments, or other agencies of local, state, or federal government.

(k) To establish such regional offices as deemed necessary to effectuate the department's purposes and functions.

(l) To acquire real or personal property, or any interest therein, on either a temporary or long-term basis, in its own name by gift, purchase, transfer, foreclosure, lease, option, or otherwise, including easements or other incorporeal rights in property.

(m) To provide bilingual staff in connection with services of the department and make available departmental publications in a language, other than English, where necessary to effectively serve groups for which such services or publications are made available.

(n) To do any and all things necessary to carry out its purposes and exercise the powers expressly granted by this division.

41108. The department shall be the principal state department responsible for coordinating federal-state relationships in housing and community development, except for housing finance. The department shall continually evaluate the impact upon the state of federal policies and programs affecting housing and community development and encourage full utilization of federal programs available for assisting the residents of this state, the private housing industry, and local public entities in satisfying housing and community development needs in this state.

41109 The department shall annually submit to the Governor and both houses of the Legislature:

(a) Recommendations for changes in state and federal law necessary to meet the need for housing and community development in the state.

(b) An annual report of the operations and accomplishments of the department, and of other state departments as they affect state housing and community development activities.

(c) A report containing revisions of the California Statewide Housing Plan.

## CHAPTER 2 POLICY ACTIVITIES OF THE DEPARTMENT

41125 The department shall complete and recommend for adoption a California Statewide Housing Plan. The plan shall be developed in cooperation with the private housing industry as well as regional and local housing and planning agencies and other agencies of the state. Subsequent to environmental review and a review of consistency with other state plans by the State Office of Planning and Research, it shall be referred by the commission, together with the commission's comments, to the Legislature for review, revision, and adoption as the California Statewide Housing Plan. Upon enactment it shall serve as a state housing plan for purposes of the Housing and Community Development Act of 1974 (P.L. 93-383).

41126. The California Statewide Housing Plan shall incorporate a statement of housing goals, policies, and objectives, as well as the following segments:

(a) An evaluation and summary of housing conditions throughout the State of California, with particular emphasis upon the availability of housing for all economic segments of the state. Such evaluation

shall include an analysis of all areas outside metropolitan areas, which may be divided into one or more multicounty areas by the department, and rural areas, as defined and designated by the Bureau of the Census of the United States Department of Commerce, rather than as defined in Section 41064, of each metropolitan area, and of each regional planning area designated by the State Office of Planning and Research or by the United States Department of Housing and Urban Development. The evaluation shall include an analysis of the existing distribution of housing by type, size, gross rent, value, and, to the extent data is available, condition, and of the existing distribution of households by gross income, size, and ethnic character for each such area and region in such form as to present for each county, area, and region the number of rooms, gross income, household size, and rent or value cross-tabulated in a single table.

(b) Housing development goals for the 1975-76 fiscal year and projected four additional fiscal years ahead. Such goals shall be established as the minimum number of units necessary to be built or rehabilitated by July 1, 1980, in order to provide sufficient housing to house all residents of the state in standard, uncrowded units in suitable locations.

(c) Goals for the provision of housing assistance for the 1975-76 fiscal year and projected four additional fiscal years ahead. Such goals shall be established as the minimum number of households to be assisted which will result in achieving by July 1, 1980, a substantial reduction in the number of very low income households and other persons and families of low or moderate income constrained to pay more than 25 percent of their gross income for housing. Income groups to be considered in establishing such goals shall be designated by the department and shall include households a significant number of which are required to pay more than 25 percent of their gross income for housing on the effective date of this section, as determined by the department.

(d) An identification of market constraints and obstacles and specific recommendations for their removal.

(e) An analysis of state and local housing and building codes and their enforcement. Such analysis shall include consideration of whether such codes contain sufficient flexibility to respond to new methods of construction and new materials.

(f) Recommendations for state and other public and private action which will contribute to the attainment of housing goals established for California.

41127. The department shall annually update and provide to the commission, for review, comment, and submission to the Legislature, a revision of the California Statewide Housing Plan. Such proposed revisions shall contain the following segments:

(a) A comparison of the housing goals for the preceding fiscal year with the amount of construction and rehabilitation achieved and housing assistance provided in such fiscal year.

(b) A revision of the minimum housing construction and rehabilitation goals specified in subdivision (b) of Section 41126 for the current year and projected four additional fiscal years ahead.

(c) A revision of the housing assistance goals specified in

subdivision (c) of Section 41126 for the current year and projected four additional fiscal years ahead.

(d) A revision of the evaluation required by subdivision (a) of Section 41126 as new census or other survey data become available.

(e) An updating of recommendations for state action which will facilitate the attainment of housing goals established for California.

The Legislature may revise and shall adopt such annual updates to the California Statewide Housing Plan.

41128. The California Statewide Housing Plan developed pursuant to Section 41125 shall provide a data base for local housing market studies and serve as a guide for local housing elements required by Section 65302 of the Government Code. It is also intended to serve as a state housing plan and provide a framework for local housing assistance plans meeting requirements of federal law.

41129. The goals and recommendations adopted for the California Statewide Housing Plan shall be published once adopted, and shall be republished as revisions are adopted. Sufficient copies shall be made available for distribution to concerned persons throughout the state.

41130. The department shall develop a statewide farmworker housing assistance plan and related policies, goals and objectives for inclusion in the California Statewide Housing Plan.

41131. The department shall collect, publish, and make available to the public information about federal, state, and local laws regarding housing and community development. The department may provide a statistics and research service for the collection and dissemination of information affecting housing and community development.

41132. The department shall develop specifications for the structure, functions, and organization of a housing and community development information system for this state. Such system shall include statistical, demographic, and community development data which will be of assistance to local public entities in the planning and implementation of housing and community development programs.

The department shall, subject to the availability of moneys therefor, establish prototype housing and community development information systems in two or more counties or multiple-county areas. The department shall operate the prototype systems, or it may contract with one or more counties, or with one or more counties and with one or more cities, or with a regional agency including one or more counties for operation of one or more prototype systems and shall report to the Legislature thereon.

41133. The department shall assist and advise the Council on Intergovernmental Relations, or its successor, on the performance of functions specified in Sections 34212, 34213, and 34214 of the Government Code.

41134. The department shall adopt guidelines for the preparation of housing elements required by Section 65302 of the Government Code. The guidelines initially adopted shall conform as nearly as possible to the guidelines adopted by the commission June 17, 1971, and shall be adopted in accordance with the provisions of Chapter 4.5 (commencing with Section 11371) of Part 1 of Division 3 of Title

2 of the Government Code. After consultation with the State Office of Planning and Research, the department may, from time to time, revise such guidelines.

The department may review local housing elements for conformity with the requirements of Section 65302 of the Government Code and guidelines adopted pursuant thereto, and report its findings. The department may, in connection with any loan or grant application submitted to the agency, require submission to it for review of any local housing element and any local housing assistance plan adopted pursuant to provisions of the Housing and Community Development Act of 1974 (P.L. 93-383).

41135. The department shall adopt guidelines relating to relocation assistance by public entities, as defined in Section 7260 of the Government Code, pursuant to the provisions of Chapter 16 (commencing with Section 7260) of Division 7 of Title 1 of the Government Code. The department may provide consulting and technical assistance to such public entities in drafting and amending rules and regulations relating to relocation assistance pursuant to subdivision (e) of Section 7268 of the Government Code. The department may require such public entities to reimburse the department for such assistance as the department provides.

41136. The department shall issue guidelines for the preparation of affirmative plans by local public entities pursuant to Section 65008 of the Government Code.

41137. The department may initiate, develop, and propose regulations for adoption by the agency and review regulations proposed by the board prior to their taking effect, with respect to the following:

(a) Standards for affirmative marketing programs of housing sponsors seeking financial assistance from the agency.

(b) Criteria for certifying that the sale or conveyance of real property pursuant to Section 41395 or Section 41511 will primarily benefit persons and families of low or moderate income living in a housing development or a residential structure.

(c) Regulations permitting grants to be made by the agency to housing sponsors for the purpose of attaining affordable rents in housing developments financed by the agency. Such grants shall not be made with moneys derived from the sale of bonds.

(d) Regulations governing payments, procedures, and eligibility for relocation assistance for individuals and families displaced by actions of the agency or of housing sponsors of housing developments or neighborhood improvement loans.

(e) Criteria for qualification of persons, families, and households as persons and families of low or moderate income or very low income households.

(f) Regulations establishing the maximum percentage of income which may be paid by persons and families of low or moderate income for rent within the meaning of the term affordable rent, as defined in Section 41023.

(g) Regulations designating geographical areas of need throughout the state for housing construction or rehabilitation, as identified in the California Statewide Housing Plan, identifying housing markets in which insufficient financing is available for



purchase or rehabilitation of existing housing, identifying types of households with particularly severe housing needs, or establishing priority criteria for the selection of homes and projects to be financed as housing developments or neighborhood improvement loans.

(h) Criteria for inclusion of nonhousing facilities in housing developments financed by the agency.

Regulations proposed by the agency in such areas of responsibility shall not take effect without concurrence of the director, the Secretary of the Business and Transportation Agency, or a representative of the secretary specifically designated for such review and approval.

41138. The department may certify local housing agents, and may periodically review, recertify, and decertify such local housing agents as provided in Section 41512.

### CHAPTER 3. ASSISTANCE ACTIVITIES OF THE DEPARTMENT

41160. The department may, upon receipt of a request of a local public entity, provide advisory assistance or staffing for development of new and rehabilitated housing for persons and families of low or moderate income, the elderly, and persons displaced by governmental action, and in the development of programs to correct or eliminate blight and deterioration and to effect community development or redevelopment.

The department may contract with a local public entity to provide any necessary staff services associated with, or required by, a local public entity and which could be performed by the staff of a redevelopment agency or housing authority.

The department may provide technical assistance in developing housing for students and faculty of universities and colleges upon the request of a potential housing sponsor, or at the request of the governing board or other agency of a university or college.

41161. The department may furnish counseling and guidance services to aid any governmental agency or any private or nonprofit organization or persons in securing the financial aid or cooperation of governmental agencies in the undertaking, construction, maintenance, operation, or financing of housing for Indians, farm laborers and their families, persons and families displaced by action of any state or local public entity, workers engaged in cutting, processing, milling, handling, or shipping lumber or lumber products, the families of such workers, the elderly and handicapped, and persons and families of low or moderate income. The department may contract for or sponsor, subject to the availability of federal funds, experimental or demonstration projects for permanently fixed or mobile housing designed to meet the special needs of agricultural workers, persons displaced by action of any local public entity, the handicapped, the elderly, Indians, and persons and families of low or moderate income. Such contracts or sponsorship agreements may be between the department and local public entities, private enterprise, or nonprofit organizations.

41162. The department shall encourage research and demonstration projects to develop new and better techniques, including techniques of rehabilitation, for increasing the quality and supply of housing for persons and families of low or moderate income

and may make grants or loans, with or without interest, in connection therewith.

41163. The department may adopt rules and regulations establishing a mutual self-help housing technical assistance program providing grants to nonprofit housing sponsors for carrying out programs of technical and supervisory assistance to aid persons and families of low or moderate income to develop mutual self-help housing.

41164. The department may make grants to nonprofit housing sponsors and local public entities for operating, administrative, and other expenses of planning, constructing, rehabilitating, and operating assisted housing and may make grants to housing sponsors for the benefit of residents of assisted housing in order to achieve lower rentals for some or all of the units within the assisted housing. Such grants may not be made with moneys derived from the sale of bonds.

41165. The department may enter into agreements to provide staffing to assist the Farmers Home Administration of the United States Department of Agriculture in the conduct of federal loan and grant programs for the provision of housing for persons and families of low or moderate income in this state.

41166. The department may conduct programs of rental subsidies for tenants of existing housing pursuant to Section 8 of the United States Housing Act of 1937, but may not submit any competitive application for operation of an existing housing program in a geographic area which includes a local public entity that has applied. However, in conducting subsidy programs pursuant to this section, the department shall not operate housing developments or engage in the purchase, lease, or sublease of housing developments.

41167. The department may, upon request by a local public entity, provide technical assistance of staffing for the purpose of developing applications and plans for community development funding pursuant to the Housing and Community Development Act of 1974 (P.L. 93-383).

41168. The department shall endeavor to obtain community development funds available under Title I of the Housing and Community Development Act of 1974 (P.L. 93-383). The department may, if federal funds are available, conduct an innovative neighborhood preservation program in cooperation with a local public entity.

41169. The department may provide technical assistance to any public entity or public utility undertaking construction, maintenance, operation, or financing of replacement housing designed for persons displaced because of the acquisition or clearance of real property for public purposes.

41170. The department shall develop and, subject to specific authorization and appropriation by the Legislature or the availability of federal subsidies, implement demonstration subsidy programs to test the effectiveness of one or more housing subsidy programs for very low income households or other persons and families of low or moderate income. Such programs may include housing allowance payments, homeownership downpayment assistance, homeownership interest subsidy, leased housing subleased to very

low income households, rent supplement payments on behalf of very low income households, or other types of subsidy programs.

41171. The department may provide potential housing sponsors and persons and families of low or moderate income such advisory consultative training and educational services as will assist them to become owners or tenants of housing financed under this division. Such training and services may include but are not limited to, technical and professional planning assistance, the preparation and promulgation of organizational planning and development outlines and guides, consultation services, training courses, seminars and lectures, the preparation and dissemination of newsletters and other printed materials, and the services of field representatives.

The department shall, subject to appropriation by the Legislature, or the availability of private, local governmental, or federal funds establish a program of such home management training for persons and families of low or moderate income who are occupants or potential occupants of assisted housing.

The department may provide potential housing sponsors of multiple-unit housing developments with advisory consultative training and educational services in the management of housing.

41172. The department may provide technical assistance and aid to governmental agencies and housing sponsors for the purpose of providing the benefits of assisted housing to very low income households and persons and families of low or moderate income in which the head of household has been previously confined to institutional care.

41173. The department may provide comprehensive technical assistance to tribal housing authorities, housing sponsors, and governmental agencies on reservations, rancherias, and on public domain to facilitate the planning and orderly development of suitable, decent, safe, and sanitary housing for American Indians residing in such areas. Such assistance may include technical assistance in land use planning, natural and environmental resource planning, and economic resource planning. Upon request of the governing body of a reservation or rancheria, the department may act on behalf of the tribal housing authority and perform the functions thereof and for such purpose shall have all the powers granted to housing authorities by Part 2 (commencing with Section 34200) of Division 13.

41174. The department shall take appropriate measures to assure that its services and publications are available to persons and families having limited fluency in the English language, in order to assure full participation by such persons and families in programs administered by the department. Where a significant number of persons in a community have limited fluency in the English language, services and essential publications of the department shall be provided in the native language of such persons

## CHAPTER 4. ORGANIZATION OF THE COMMISSION

41200. There is hereby continued in existence in state government the Commission of Housing and Community Development, which shall consist of nine members.

41201. The members shall be appointed by the Governor for four-year terms, subject to confirmation by the State Senate. Members in office on the effective date of this division shall continue to hold office until the expiration of their terms, unless removed pursuant to Section 41202 or any other provision of law.

The term of an appointment to fill any vacancy created prior to the expiration of a term shall be for the unexpired term only. Each member shall continue to hold office after the expiration of his term until a successor has been appointed and qualified.

41202. The Governor has power to remove from office at any time, any members of the commission for continued neglect of duties required by law, or for incompetence, or dishonorable conduct. Nothing in this section shall be construed as a limitation or restriction on the power of the Governor, conferred on him by any other provision of law, to remove any member of the commission.

41203. The presiding officer of the commission shall be designated by the Governor from among the members and shall serve as presiding officer at the pleasure of the Governor.

41204. Each commission member shall receive a per diem of fifty dollars (\$50) for each day actually spent in the discharge of official duties, and each shall be reimbursed for traveling and other expenses necessarily incurred in the performance of duties.

41205. The commission shall meet quarterly and at such other times and places as the commission may designate, for the purpose of transacting its business. Special meetings may be held at such times as the commission may elect, or on the call of the presiding officer of the commission, or on call of not less than four members thereof. The written notice of the time, place and object of such special meeting shall be made by the secretary to all the members not parties to the call, at least 15 days before the day of the meeting.

41206. The Director of Housing and Community Development shall serve as secretary of the commission and as such shall keep the minutes and records of all commission proceedings.

41207. The commission shall provide policy guidance to the Department of Housing and Community Development.

41208. The commission shall prepare and adopt such minimum standards regulating the use and application of cellular concrete as it determines are reasonably necessary for the protection of life and property.

41209. Except where the department is specifically vested by this part or by any other provision of law with the authority to adopt rules and regulations, the commission may adopt, amend, and repeal rules and regulations reasonably necessary to carry out the provisions of this part or by any other provision of law. Any rules and regulations of the commission in effect on the effective date of this division shall remain in effect until amended or repealed.

## PART 3. CALIFORNIA HOUSING FINANCE AGENCY

## CHAPTER 1. ORGANIZATION

41300. The California Housing Finance Agency is hereby created in the Business and Transportation Agency. The agency constitutes a public instrumentality and a political subdivision of the state, and the exercise by the agency of the powers conferred by this division shall be deemed and held to be the performance of an essential public function.

41301. The agency shall be administered by a board of directors consisting of 11 voting members, including a chairperson. The State Treasurer, the Secretary of the Business and Transportation Agency, and the Director of Housing and Community Development, or their designees, shall be members, in addition to five members appointed by the Governor, one member appointed by the Speaker of the Assembly, and one member appointed by the Senate Rules Committee. The Director of Finance, the Director of the State Office of Planning and Research, and the president and the executive vice president of the agency shall serve as nonvoting ex officio members of the board.

41302. Appointed members of the board shall be able persons broadly reflective of the economic, cultural, and social diversity of the state, including ethnic minorities and women. However, it is not intended that formulas or specific ratios be applied in order the achieve such diversity. Of the members appointed by the Governor, one shall be an elected official of a city or county engaged in the planning or implementation of a housing, housing-assistance, or housing rehabilitation program; one shall be experienced in residential real estate in the savings and loan, mortgage banking, or commercial banking industry; one shall be experienced as a builder of residential housing; one shall be experienced in organized labor of the residential construction industry; and one shall be experienced in the management of rental housing occupied by lower-income households. At least one of such members appointed by the Governor shall be a resident of a rural or nonmetropolitan area. The Senate Rules Committee and the Speaker of the Assembly shall each appoint a tenant living in rental housing financed by the agency or a person experienced in counseling, assisting, or representing tenants. The terms of the members initially appointed by the Governor, the Senate Rules Committee, and the Speaker of the Assembly shall be as follows:

- (a) An elected official of a city or county engaged in the planning or implementation of a housing, housing-assistance, or housing rehabilitation program—two years appointed by the Governor.
- (b) Member experienced in residential real estate in the savings and loan mortgage banking or commercial banking industry—four years appointed by the Governor.
- (c) Member who is experienced as a builder of residential housing—six years appointed by the Governor.
- (d) Member experienced in organized labor of the residential construction industry—two years appointed by the Governor.
- (e) Member experienced in the management of rental housing occupied by lower-income households—four years appointed by the

Governor.

(f) Member appointed by the Speaker of the Assembly who is a tenant living in rental housing financed by the agency or is experienced in counseling, assisting, or representing tenants—six years.

(g) Member appointed by the Senate Rules Committee who is a tenant living in rental housing financed by the agency or is experienced in counseling, assisting, or representing tenants—two years.

The term of any member of the board appointed to serve subsequent to the expiration of such an initial term shall be six years. Any person appointed to fill a vacancy on the board shall serve only for the remainder of the unexpired term. Successors to initially appointed members specified in subdivisions (f) and (g) shall be or shall have been tenants living in rental housing financed by the agency, if any exists. Members of the board shall, subject to continued qualification, be eligible for reappointment. If a member of the board ceases to meet the qualifications specified in this section, the membership of such person on the board shall be terminated.

41303. All members of the board appointed by the Governor shall be confirmed by the Senate.

41304. The representation of varied interest groups on the board shall be deemed essential to obtain information for the development of policy and decisions of the board. It shall not be a conflict of interest for an official of any local public entity or a tenant of any housing development, or a director, officer, stockholder, or employee of any savings and loan institution, investment banking firm, brokerage firm, commercial bank or trust company, architectural firm, insurance company, labor union, or any other person, association, or corporation to serve as a member of the board. When present at a meeting of the board, a board member shall be legally required to participate in the deliberations within the meaning of Section 87101 of the Government Code. If any board member has a financial interest, such interest shall be disclosed as a matter of official public record and shall be described with particularity before the board member acts or participates in any way in deliberations affecting such interests.

If any board member has a financial interest, a conflict statement shall be filed pursuant to the regulations of the Fair Political Practices Commission and distributed to all other members of the board.

No board member of the agency may, however, vote on any matter in which the member has a financial interest.

Violations of this section shall constitute grounds for disqualification from office as a board member. Knowing or willful violation of the disclosure requirements of this section shall constitute a misdemeanor under Section 91000 of the Government Code. Pursuant to Section 91000, fines may be imposed for any such violation.

Within 60 days of the effective date of this division, the agency shall adopt a conflict of interest disclosure code pursuant to Sections 3703 and 3704 of the Government Code which shall remain in effect until a conflict of interest code has been adopted by the agency and

approved by the Fair Political Practices Commission and is in effect pursuant to Article 3 (commencing with Section 87300) of Chapter 7 of Title 9 of the Government Code. Within 15 days of adoption of such code, each board member shall file a statement.

41305. (a) Except for the member specified in subdivision (a) of Section 41302 in his capacity as an official of a city or county, no member of the board and no officer or employee of the agency shall be employed by, hold any paid official relation to, or have any financial interest in, any housing sponsor or any housing development financed or assisted under this part. No real property to which a member of the board or an officer or employee of the agency holds legal title or in which such person has any financial interest shall be purchased by the agency or sold by such member of the board or officer or employee of the agency to a housing sponsor for a housing development to be financed under this part.

Any violation of this section shall be a conflict of interest which shall be grounds for disqualification of the member from the board or the officer or employee of the agency from his office or employment with the board or agency.

(b) Except as provided by subdivision (c), the following articles shall be voidable in the discretion of the agency:

(1) Any purchase by the agency of real property in which a member of the board or an officer or employee of the agency has legal title or a financial interest.

(2) Any commitment by the agency to provide financial assistance to a housing sponsor in which a member of the board or officer or employee of the agency is employed, holds any official relation, or has any financial interest.

(3) Any commitment by the agency to provide financial assistance to a housing sponsor to which real property has been or is transferred for a housing development to be financed under this part, if a member of the board or officer or employee of the agency has or has had legal title or any financial interest in such real property.

(c) Any commitment by the agency to provide financial assistance under the circumstances specified in paragraph (2) or (3) of subdivision (b) shall not be voidable following release of the funds, but shall be grounds for acceleration of the loan or prospective termination of a contract of financial assistance.

41306. Board members shall be removable solely for cause.

41307. The Governor shall appoint a chairperson who, when present, shall preside at meetings of the board. The term of the chairperson shall be five years.

41308. The Governor shall appoint a president who shall serve for a term of five years as the chief executive officer of the agency and shall, subject solely to supervision by the board, administer and direct the day-to-day operations of the agency. The board shall from time to time determine the total number of authorized employees within the agency. The board shall determine the salaries of those employees of the agency whose salaries are not paid from moneys appropriated to the agency from the General Fund, other than moneys appropriated by the act enacting this division.

41309. The compensation of the president shall be established by

the board in such amount as is reasonably necessary, in the discretion of the board, to attract and hold a person of superior qualifications. However, the salary of the president shall not exceed the salary of the Secretary of the Business and Transportation Agency. Members of the board shall not receive a salary but shall be entitled to a per diem allowance of fifty dollars (\$50) for each day's attendance at a meeting of the board, not to exceed three hundred dollars (\$300) in any month, and reimbursement for expenses incurred in the performance of their duties under this part, including travel and other necessary expenses.

41310. The president may from time to time employ technical experts and such other employees as may, in his judgment, be necessary for the conduct of the business of the agency.

41311. Notwithstanding the provision of Sections 11042 and 11043 of the Government Code, the president may employ as attorney for the agency an attorney at law licensed in this state. The attorney shall advise the board, the chairperson, and the president, when so requested, with regard to all matters in connection with the powers and duties of the agency and the board members and officers thereof. The attorney shall perform all duties and services as attorney to the agency which the agency may require of him.

Except as provided in Section 11040 of the Government Code, the Attorney General shall represent and appear for the people of the State of California and the agency in all court proceedings involving any question under this division or any order or act of the agency; provided, however, that the agency may also employ private counsel to assist in any such court proceeding.

41311.5. The Executive Secretary of the Housing Bond Credit Committee created pursuant to Section 41707 shall serve as the executive vice president of the agency and in such capacity shall be directly responsible to the president. The executive vice president shall provide liaison between the agency and the Housing Bond Credit Committee and shall perform such other duties as may be required by the president or the board. The agency shall reimburse the Housing Bond Credit Committee for any compensation paid by the committee to the executive secretary. The salary of the executive vice president of the agency shall not exceed the salary of the president.

41312. For its activities under this division the president shall prepare an annual budget to be reviewed by the Secretary of the Business and Transportation Agency and the Director of Finance at least 90 days prior to the close of the fiscal year and thereafter the chairperson shall present it for adoption to the board of directors with their comments.

41313. The board shall approve the sale of obligations or securities and other major contractual agreements and debt obligations. Any other contractual agreements or debt obligations may be approved by the president pursuant to regulations of the board.

Actions of the board may be taken only by a concurrence of a majority of the entire membership thereof.

41314. The principal offices of the agency shall be located in the City of Sacramento.



## CHAPTER 2. PURPOSES AND GENERAL PROVISIONS

41331. The primary purpose of the agency shall be to meet the housing needs of persons and families of low or moderate income.

41332. In meeting the housing needs of persons and families of low or moderate income, not less than 30 percent of the units financed by mortgage loans or neighborhood improvement loans pursuant to this part shall be available to, or occupied by, very low income households at affordable rents, unless it is not possible to obtain subsidies necessary to meet such requirement. No development loan, rehabilitation loan, or construction loan shall be made pursuant to this part if the agency determines that its ability to utilize currently available subsidies to meet the requirements of this section would be jeopardized thereby.

41332.5. The agency shall also seek to attain the following objectives:

(a) Acquisition of the maximum amount of funds available for subsidies for the benefit of persons and families of low or moderate income occupying units financed pursuant to this part.

(b) Housing developments providing a socially harmonious environment by meeting the housing needs of both very low income households and other persons and families of low or moderate income and by avoidance of concentration of very low income households that may lead to deterioration of a development.

(c) Emphasis on housing developments of superior design, appropriate scale and amenities, and on sites convenient to areas of employment, shopping, and public facilities.

(d) Increasing the range of housing choice for minorities of low income and low-income persons, rather than maintaining or increasing the impact of low-income areas, and cooperation in implementation of local and areawide housing allocation plans adopted by cities, counties, and joint powers entities made up of counties and cities.

(e) Identification of areas of low-vacancy rates where construction is needed, of areas of substandard housing where rehabilitation is needed, and of areas of credit shortage where financing is needed for transfer of existing housing, so as to maximize the impact of financing activities on employment, reduction of housing costs, and maintenance of local economic activity.

(f) A balance between metropolitan, nonmetropolitan, and rural housing developments, and between family housing and housing for the elderly and handicapped, in general proportion to the needs identified in the statewide housing plan.

(g) Minimization of fees and profit allowances of housing sponsors so far as consistent with acceptable performance, in order to maximize the benefit to persons and families of low or moderate income occupying units financed by the agency.

(h) Full utilization of federal subsidy assistance for the benefit of persons and families of low or moderate income.

(i) Full cooperation and coordination with the local public entities of the state in meeting the housing needs of cities, counties, cities and counties, and Indian reservations and rancherias on a level of government that is as close as possible to the people it serves.

(j) Promoting the recovery and growth of economically depressed businesses located in areas of minority concentration and in mortgage-deficient areas.

41333. No provision of this division shall be construed as a restriction or limitation upon any powers which the agency or any local public entity might otherwise have under any laws of this state, and this part is cumulative with respect to any such powers. This division shall be deemed to provide a complete, additional, and alternative method for doing the things authorized thereby, and shall be regarded as supplemental and additional to powers conferred by other laws. The issuance of a residential bonds and refunding bonds under the provisions of this part need not comply with the requirements of any other law applicable to the issuance of bonds; and in the construction or acquisition of a housing development or a residential structure pursuant to the provisions of this division, the agency need not comply with the requirements of any other law applicable to construction or acquisition of public works, except as specifically provided in this division. The agency shall adopt regulations for review of construction contracts for the construction or rehabilitation of housing financed under this division. The agency shall require that on construction financed by a construction loan from the agency, other than mutual self-help housing developments, all workmen employed in such construction, exclusive of maintenance work, shall be paid not less than the general prevailing rate or per diem wages for work of a similar character in the locality in which the construction is performed, and not less than the prevailing rate of per diem wages for holiday and overtime work. The agency shall determine or require determination of the general prevailing rate of per diem wages in accordance with the standards set forth in Section 1773 of the Labor Code. Apprentices shall be employed in the construction of housing developments in accordance with the regulations of the agency, which shall impose the same requirements as contained in Section 1777.5 of the Labor Code, except as to differences necessitated by the methods of awarding construction contracts for housing developments financed under this division.

41334. The exercise of the powers specified in this division will be in all respects for the benefit of the people of the state, for their well-being and prosperity, and for the improvement of their social and economic conditions, and the agency shall not be required to pay any tax or assessment on any property, other than a housing development, owned by the agency under the provisions of this division or upon the income therefrom. Any bonds issued by the agency under the provisions of this division, their transfer, and the income therefrom shall at all times be free from taxation by the state or any political subdivision or other instrumentality of the state, excepting inheritance and gift taxes.

41335. The agency and every housing sponsor shall require that occupancy of housing developments assisted under this part shall be open to all regardless of race, sex, marital status, color, religion, national origin, or ancestry, that contractors and subcontractors engaged in the construction of housing developments shall provide an equal opportunity for employment, without discrimination as to

race, marital status, sex, color, religion, national origin, or ancestry, and that such contractors and subcontractors shall submit and receive approval of an affirmative action program prior to the commencement of construction or rehabilitation. Affirmative action requirements respecting apprenticeship shall be consistent with Chapter 4 (commencing with Section 3070) of Division 3 of the Labor Code.

All contracts for the management, construction, or rehabilitation of housing developments, and contracts let by housing sponsors, contractors, and subcontractors in the performance of such management, construction, or rehabilitation, shall be let without discrimination as to race, sex, marital status, color, religion, national origin, or ancestry and pursuant to an affirmative action program, which shall be at not less than the Federal Housing Administration affirmative action standards unless the board makes a specific finding that the particular requirement would be unworkable. The agency shall periodically review implementation of affirmative action programs required by this section.

It shall be the policy of the agency and housing sponsors to encourage participation with respect to all projects by minority developers, builders, and entrepreneurs in all levels of construction, planning, financing, and management of housing developments. In areas of minority concentration the agency shall require significant participation of minorities in the sponsorship, construction, planning, financing, and management of housing developments. The agency shall (1) require that, to the greatest extent feasible, opportunities for training and employment arising in connection with the planning, construction, rehabilitation, and operation of housing developments financed pursuant to this part be given to persons of low income residing in the area of such housing, and (2) determine and implement means to secure the participation of small businesses in the performance of contracts for work on housing developments and to develop the capabilities of such small businesses to more efficiently and competently participate in the economic mainstream. In order to achieve such participation by small businesses, the agency may, among other things, waive retention requirements otherwise imposed on contractors or subcontractors by regulation of the agency and may authorize or make advance payments for work to be performed. The agency shall develop relevant selection criteria for the participation of small businesses to insure that, to the greatest extent feasible, the participants possess the necessary nonfinancial capabilities. With respect to such small businesses the agency may waive bond requirements otherwise imposed upon contractors or subcontractors by regulation of the agency, but the agency shall in such case substantially reduce the risk through (1) a pooled-risk bonding program, (2) a bond program in cooperation with other federal or state agencies, or (3) development of a self-insured bonding program with adequate reserves.

The agency shall adopt rules and regulations to implement the provisions of this section.

Prior to commitment of financing, the agency shall require each housing sponsor, except with respect to an owner-occupied housing development or mutual self-help housing, to submit an affirmative

marketing program which meets standards set forth in regulations of the agency. The agency shall require such a housing sponsor to conduct the affirmative marketing program so approved. Additionally, the agency shall supplement the efforts of individual housing sponsors by conducting affirmative marketing programs with respect to such housing at the state level.

41336. It shall be the policy of the agency to coordinate its activities with the department. It shall be the policy of the agency to conduct its operations so as to be fiscally self-sufficient and so as not to require appropriations from the General Fund for payment of its administrative costs or to service bonds of the agency.

41337. No development or construction loan shall made pursuant to this part if the agency determines that the making of such a loan would result in the permanent loss of a subsidy or a reduction in future subsidies due to the failure of the agency to use currently available subsidies.

41338. Loans made pursuant to this part to housing sponsors, other than nonprofit housing sponsors, of rental housing developments shall not exceed 95 percent of the development costs of the housing development for which the loan is made. Loans made pursuant to this part to nonprofit housing sponsors shall not exceed 98 percent of development costs unless (1) the nonprofit housing sponsor has or will participate in the housing development with another nonprofit housing sponsor which has a significant past record of successful residential development and not more than 30 percent of the units in such housing development will be occupied by very low income family households, or (2) the housing development will be designed for occupancy by elderly or handicapped household. In evaluating the significance of the past record of a nonprofit housing sponsor for purposes of this section, the agency shall take into consideration exclusionary or discriminatory lending policies or practices of the mortgage finance industry or government mortgage programs which have limited the record of past housing production or development by the nonprofit housing sponsor.

41339. This division is intended to benefit purchasers and residents of housing developments who are persons and families of low and moderate income and shall be liberally construed to allow such persons to initiate civil actions and to enforce rights, duties and benefits under this division and regulations adopted pursuant to this division; provided however, this section shall not limit, modify or restrict the standing of other persons to initiate civil actions by reason of the action or inaction of the agency, department or commission.

### CHAPTER 3. FINANCIAL PROVISIONS

41360. The California Housing Finance Fund is hereby created in the State Treasury.

Construction loan funds may be transferred to the construction lender or to the contractor as necessary to meet draws for progress payments pursuant to rules and regulations of the agency.

All money in the fund is hereby continuously appropriated to the agency for carrying out the purposes of this part, and,

notwithstanding the provisions of Chapter 2 (commencing with Section 12850) of Part 2.5 of Division 3 of Title 2 of the Government Code or the provisions of Article 2 (commencing with Section 13320) of Chapter 3 of Part 3 of such division, application of the fund shall not be subject to the supervision or budgetary approval of any other officer or division of state government. However, the agency's budget shall be reviewed by the Secretary of the Business and Transportation Agency. Additionally, the agency's budget with the secretary's comments shall be submitted to the Joint Legislative Budget Committee for review and comment. The agency may pledge any or all of the moneys in the fund as security for payment of the principal of, and interest on, bonds issued pursuant to this part, and, for such purpose or as necessary or convenient to the accomplishment of any other purpose of the agency, may divide the fund into separate accounts. All moneys accruing to the agency pursuant to this part from whatever source shall be deposited in the fund.

41361. Pursuant to any agreements with the holders of particular bonds pledging any particular assets, revenues, or moneys, the agency may create separate accounts in the fund to manage assets, revenues, or moneys in the manner set forth in such agreements.

41362. Subject to any agreements with holders of particular bonds, revenue derived pursuant to this part from neighborhood improvement loans and mortgage loans shall be deposited in a special account, which shall be used exclusively for the amortization of debt and the protection of the underlying security, until current debt service and reserves are funded.

41363. The agency shall from time to time direct the State Treasurer to invest moneys in the fund which are not required for its current needs, including proceeds from the sale of any bonds, in such eligible securities specified in Section 16430 of the Government Code as the agency shall designate. The agency may direct the State Treasurer to deposit moneys in interest-bearing accounts in state or national banks or other financial institutions having principal offices in this state. Subject to any agreements with holders of particular bonds, and to the extent public deposits are permitted by law in each type of financial institution, the agency shall direct the State Treasurer to make such deposits based on the relative participation of the different types of financial institutions as qualified mortgage lenders. However, such allocations shall not be required to the extent that they would result in receipt by the agency of a deposit interest rate that is lower than the highest interest rate available from another institution qualified to receive such deposits. The agency may alternatively require the transfer of moneys in the fund to the Surplus Money Investment Fund for investment pursuant to Article 4 (commencing with Section 16470) of Chapter 3, Part 2, Division 4, Title 2 of the Government Code

All interest or other increment resulting from such investment or deposit shall be deposited in the fund, notwithstanding Section 16305.7 of the Government Code. Moneys in the fund shall not be subject to transfer to any other fund pursuant to any provision of Part 2 (commencing with Section 16300) of Division 4 of Title 2 of the Government Code, excepting the Surplus Money Investment Fund.

41364. The agency is authorized to utilize such moneys as may be appropriated to the fund from time to time by the Legislature for effectuating its purposes, including, but not limited to, the payment of the initial expenses of administration and operation, the establishment of reserves or contingency funds to be available for payments on the principal, interest, and sinking funds of any bonds of the agency and the direct payment of principal, interest and sinking funds on the bonds of the agency.

41365. The agency shall, within 90 days following the close of each fiscal year, submit an annual report of its activities under this division for the preceding year to the Governor, the Secretary of the Business and Transportation Agency, the Director of Housing and Community Development, the State Treasurer, and the Legislature. Within 90 days following the close of each fiscal year, the agency shall also submit an annual report to the Joint Legislative Audit Committee and the Joint Legislative Budget Committee. Each such report shall set forth a complete operating and financial statement of the agency during the concluded fiscal year. The report shall specify the number of units assisted, the distribution of units among the metropolitan, nonmetropolitan, and rural areas of the state, and shall contain a summary of statistical data relative to the incomes of households occupying assisted units, the monthly rentals charged to occupants of rental housing developments, and the sales prices of housing developments purchased during the previous fiscal year by housing sponsors who are persons or families of low or moderate income. The report shall also include a statement of accomplishment during the previous year with respect to the agency's progress, priorities, and affirmative action efforts. The agency shall specifically include in its report on affirmative action goals, statistical data on the numbers and percentages of minority sponsors, developers, contractors, subcontractors, suppliers, architects, engineers, attorneys, mortgage bankers or other lenders, insurance agents and managing agents. The agency shall cause an audit of its books and accounts with respect to its activities under this division to be made at least once during each fiscal year by an independent certified public accountant and the agency shall be subject to audit by the Department of Finance not more often than once each fiscal year.

Within 90 days following receipt of the agency's annual report, the Joint Legislative Audit Committee and the Joint Legislative Budget Committee shall submit a report on the agency's activities under this division to the Legislature

41365.5 The president of the agency shall immediately certify in writing to the Joint Legislative Audit Committee, the Joint Legislative Budget Committee, the Speaker of the Assembly, the Senate Rules Committee, and the Governor, if the agency determines or receives information, verified by the State Treasurer, that moneys of the agency will not be sufficient for the principal payments, sinking fund payments, and interest payments on bonds authorized under Chapter 7 and to restore and maintain the bond reserve funds provided for in Section 41713.

41366. Subject to any agreements with holders of particular bonds, all moneys available for carrying out the purposes of this part and declared by the agency to be surplus moneys which are not

required to service or retire bonds issued on behalf of the agency, pay administrative expenses of the agency, accumulate necessary operating or loss reserves, or repay loans to the agency from the General Fund shall be used by the agency, with respect to existing housing developments, to provide special interest reduction programs, financial assistance for housing developments or subsidies for occupants or owners thereof, or counseling programs, as authorized by this division.

#### CHAPTER 4. GENERAL POWERS

41385. The agency shall have all of the following powers:

- (a) To sue and be sued in its own name.
- (b) To have an official seal and to alter the same at pleasure.
- (c) To have perpetual succession.
- (d) To maintain offices at such place or places within the state as it may designate
- (e) To adopt, and from time to time amend and repeal, by action of the board, rules and regulations, not inconsistent with the provisions of this part, to carry into effect the powers and purposes of the agency and the conduct of its business. Rules and regulations of the agency shall be adopted, amended, repealed, and published in accordance with the provisions of Chapter 4.5 (commencing with Section 11371) of Part 1 of Division 3 of Title 2 of the Government Code. With respect to regulations in areas specified in Section 41137, the agency may propose regulations, but such regulations shall become effective only upon concurrence of the Secretary of the Business and Transportation Agency, or his designated representative, or the Director of Housing and Community Development.
- (f) To make and execute contracts and all other instruments necessary or convenient for the exercise of its powers and functions under this part with any governmental agency, private corporation or other entity, or individual, and to contract with any local public entity for processing of any aspect of financing housing developments.
- (g) To acquire real or personal property, or any interest therein, on either a temporary or long-term basis in its own name by gift, purchase, transfer, foreclosure, lease, option, or otherwise, including easements or other incorporeal rights in property.
- (h) To hold, sell, assign, lease, encumber, mortgage, or otherwise dispose of any real or personal property or any interest therein; to hold, sell, assign, or otherwise dispose of any mortgage interest owned by it, under its control or custody, or in its possession; and, as applicable, to do any of the acts specified in this subdivision by public or private sale, with or without public bidding, notwithstanding any other provision of law
- (i) To release or relinquish any right, title, claim, lien, interest, easement, or demand however acquired, including any equity or right of redemption in real property foreclosed by it
- (j) To determine the terms and conditions of any mortgage instrument, deed of trust, or promissory note used or executed in conjunction with the financing of any housing development.
- (k) To employ architects, engineers, attorneys, accountants,

housing construction and financial experts, and such other advisers, consultants, and agents as may be necessary in its judgment and to fix their compensation.

(l) To provide advice, technical information, and consultative and technical service in connection with the financing of housing developments pursuant to this part.

(m) To procure insurance against any loss in connection with its property and other assets, including mortgages and mortgage loans, in such amounts and from such insurers as it deems desirable.

(n) To establish, revise from time to time, and charge and collect fees and charges in connection with loans made by the agency.

(o) To borrow money and issue bonds, as provided in this part.

(p) To enter such agreements and perform such acts as are necessary to obtain federal housing subsidies for use in connection with housing developments.

(q) To provide bilingual staff in connection with services of the department and make available agency publications in a language, other than English, where necessary to effectively serve all groups for which such services or publications are made available.

(r) To require any individual, corporation, or other legal entity operating, managing, or providing maintenance services for a housing development or a residential structure to maintain a current certificate of qualification developed and approved by the agency.

(s) To do any and all things necessary to carry out its purposes and exercise the powers expressly granted by this part.

41386. The agency shall be a state representative for purposes of receiving and allocating financial aid and contributions from agencies of the federal government which are provided to the state or to the agency for the purpose of subsidizing housing for persons and families of low or moderate income and may utilize federal subsidies available to it in providing housing for persons and families of low or moderate income or for exercising any other of its powers. The agency shall have priority among all other units of state government for receipt of federal housing subsidies to the extent units financed under this part are eligible for such assistance.

41387. The agency may enter into agreements to provide staffing for the Farmers Home Administration of the United States Department of Agriculture in the conduct of federal loan, loan-guarantee, and grant programs for the provision of housing for persons and families of low or moderate income in this state. Staffing under this section shall not be paid for out of proceeds from the sale of bonds.

41388. The agency may make and execute contracts with qualified mortgage lenders for the initiation or servicing of mortgage loans, construction loans, neighborhood improvement loan, or development loans made or acquired by the agency pursuant to this part or for other services rendered to the agency. The agency may pay the reasonable value of services rendered to the agency pursuant to such contracts.

41389. The agency may make or undertake commitments to make development loans, construction loans, mortgage loans, and neighborhood improvement loans to housing sponsors to finance housing developments, as provided in Chapter 5 (commencing with



Section 41450) of this part

The agency may, in conjunction with a construction loan, set aside a reserve to provide improvement security required under subdivision (c) of Section 66462 and Chapter 5 (commencing with Section 66499) of Division 2 of Title 7 of the Government Code, which shall be in lieu of improvement security otherwise required by such provisions.

41390. The agency may purchase and sell construction loans, mortgage loans, neighborhood improvement loans, obligations secured by such loans, and participation therein.

41390.5. Construction loans, mortgage loans, and neighborhood improvement loans made, purchased, assigned or serving as security for obligations or participations pursuant to this part shall be limited as to charges, interest, maximum loan amount, and maximum appraised value pursuant to regulations of the agency, which shall be consistent with the purposes of this part

41391. Prior to the commitment of moneys under this part for the financing of a housing development as provided in Articles 1 to 4 inclusive, of Chapter 5 (commencing with Section 41450) of this part, the agency shall take adequate measures to assure (a) the economic feasibility of the housing development, (b) the financial eligibility of the housing sponsors and tenants, (c) the consistency of the proposed housing development with the current housing objectives of the agency, (d) the sufficiency of access of the housing development to supporting social services, transportation, schools, employment, and retail merchants, and (e) that the location of the proposed housing development is consistent with the agency's policies of dispersing housing developments throughout communities and of avoiding undue concentration of persons and families of low income. Wherever possible, the agency shall verify such facts before financing is committed

In providing for dispersal of housing developments, the agency shall consider economic feasibility, which shall be determined in light of all relevant factors, including the assistance programs and funds which could be utilized to reduce costs. Nothing in this section shall prohibit the agency from financing housing developments in participating concentrated rehabilitation areas and participating mortgage funds assistance areas in a manner that would otherwise be in conflict with the agency's policies respecting dispersal of housing developments or concentration of persons and families of low income, where necessary to accomplish the purposes for which financing is made available by the agency in such an area.

41392. (a) The agency may renegotiate, refinance, foreclose, or contract for the foreclosure of, any mortgage in default and may waive any default or consent to the modification of the terms of any mortgage. With respect to housing developments, the agency shall require that mortgage servicing and foreclosure practices, including forbearance and recasting of mortgages in default, conform to agency regulations

(b) The agency may commence any action to protect or enforce any right conferred upon it by any law, mortgage, contract, or other agreement and may bid for and purchase property sold in satisfaction thereof at any foreclosure or other sale or may otherwise acquire and

take possession of such property. Subject to any agreement with bondholders, the agency may operate, manage, lease, dispose of, and otherwise deal with such property in such manner as may be necessary to protect the interest of the agency and the holders of its bonds.

41393. The agency may procure insurance or coinsurance or guarantees from the federal government or from any governmental agency or instrumentality thereof, or from any private insurance company, of the payment of principal, redemption price of, and interest on any bonds issued by the agency. The agency may pay premiums on any such insurance.

41394. The agency may, for services performed, charge and collect from housing sponsors and qualified mortgage lenders such fees and charges for the purpose of defraying administrative and other expenses as the agency may establish from time to time for its lending and mortgage-purchase programs

41395. The agency may sell or convey real property owned by the agency to persons and families of low or moderate income, nonprofit housing sponsors, and local public entities. Such sale or conveyance may be without consideration if the agency received the property upon condition that it be so conveyed or sold and if such sale or conveyance will inure primarily to the benefit of persons and families of low or moderate income living in a housing development.

41396. The agency shall establish criteria for housing sponsors and qualified mortgage lenders, which shall be designed to assure the financial integrity of programs authorized by this division and which shall provide for effective implementation of the policies and purposes set forth in this part. The criteria shall take into account the differences between private and public institutions qualifying as housing sponsors and qualified mortgage lenders

41397. Relocation payments shall be made to persons and families of low or moderate income who are tenants displaced because of temporary or permanent displacement for rehabilitation work assisted under this part, or rent increases resulting from rehabilitation, pursuant to the Uniform Relocation and Real Property Acquisition Policies Act of 1970 (42 U.S.C., Sec. 4601) or Chapter 16 (commencing with Section 7260) of Division 7 of Title 1 of the Government Code. Notwithstanding the provisions of this section, moderate-income persons and families who decide against occupying the rehabilitated housing shall not continue to receive relocation payments

The agency shall also insure that the relocation payments and the relocation advisory assistance specified therein shall be provided. Pursuant to the provisions of this section, the agency shall insure relocation payments are provided to persons and families involuntarily displaced in making a site or structure available for rehabilitation or construction financed under this part, or in the alternative may require the housing sponsor receiving a loan commitment pursuant to this part to make such payments and provide such assistance, whether such displacement has occurred in anticipation of the loan commitment or will occur subsequent thereto

For purposes of this section, displacement includes relocation

occurring because of a qualified person or family's inability to pay increased rentals resulting from rehabilitation, or involuntary temporary or permanent displacement of a qualified person or family to allow rehabilitation work to be done.

41398. The agency shall establish maximum sale prices for the initial sale of housing developments, the acquisition, construction, or rehabilitation of which is financed by the agency in anticipation of sale to persons and families of low or moderate income. The agency shall also establish a price for any owner-occupied housing development whenever the buyer of such housing development receives a mortgage loan from the agency. The maximum sale prices established by the agency pursuant to this section may provide a reasonable profit to the seller while serving the purposes of this division.

41399. The agency may make grants to nonprofit housing sponsors and local public entities to meet expenses incurred in planning, constructing, rehabilitating, or managing housing developments. The agency may make grants to housing sponsors for the purpose of lowering the rents or cooperative housing charges on some or all of the units within a housing development. Grants authorized by this section shall not be made with proceeds from the sale of bonds.

41400. The agency shall establish a grievance procedure or require housing sponsors to establish such a procedure, or both, for the purpose of resolving complaints by housing sponsors and tenants of housing sponsors and contractual disputes between two or more housing sponsors or between a housing sponsor and a tenant of such housing sponsor. Notwithstanding any other provision of law, no individual or family shall be evicted from a housing development unless the following requirements are met.

(a) The eviction is for good cause as defined by rules and regulations of the agency.

(b) Eviction proceedings shall be commenced by the giving of notice as required by Section 1946 of the Civil Code or Section 1161 or 1161a of the Code of Civil Procedure and served as provided by Section 1162 of the Code of Civil Procedure. Such notice shall contain a statement of the cause for eviction and of the right of the tenant to a hearing and decision pursuant to regulations of the agency if a request for such a hearing is made to the landlord in writing within the period specified in Section 1946 of the Civil Code or Section 1161 of the Code of Civil Procedure, as the case may be.

(c) When the tenant so requests the landlord in writing within the period specified in Section 1946 of the Civil Code or Section 1161 of the Code of Civil Procedure, as the case may be, a hearing, in accordance with procedures established pursuant to regulations of the agency, shall be held by an impartial individual or panel selected or approved by the agency and a decision rendered within two weeks after receipt by the landlord of the tenant's written request for a hearing. Good cause for eviction shall be established at the hearing by the weight of the evidence. Before a right to a hearing vests, the tenant must pay rent for the two-week hearing period to the owner or to an escrow account of the agency, if not already paid.

A defendant in an unlawful detainer proceeding may assert as a

defense the failure of the plaintiff or the agency to comply with the requirements of this section or regulations adopted pursuant to this section. A defendant in such a proceeding may assert as a defense that the findings at the hearing were not supported by the weight of evidence.

The costs of any hearing conducted pursuant to this section shall be assessed to, and paid by, the losing party as provided in regulations of the agency. If neither party prevails, the costs of the hearing shall be equitably apportioned.

41401. The agency shall adopt standards for the admission of tenants, termination of tenancies, and eligibility of purchasers of housing financed under this part as well as standards establishing maximum percentages of income which a tenant or purchaser may allocate to housing costs, which shall provide consideration for proven ability in individual cases to pay what would otherwise be an unusually high percentage of income for housing costs

41402. Prior to authorizing a mortgage loan under Chapter 5 (commencing with Section 41450) of this part or a mortgage loan under Chapter 6 (commencing with Section 41550) of this part, if the loan under either such chapter is for the purchase of an owner-occupied housing development, the agency shall:

(a) Require an appraisal of the housing development be done by a competent and experienced appraiser.

(b) Establish a maximum sale price for the housing development pursuant to Section 41398, not in excess of appraised value.

(c) Require that the housing development be either newly constructed, recently rehabilitated, or certified by the local code enforcement agency, or the department to be in good condition.

(d) Require that the purchaser intend to occupy the housing development

(e) Require that the loan bear below-market interest, except as otherwise provided in Chapter 6 (commencing with Section 41550) of this part.

(f) Require, notwithstanding Section 1916.5 of the Civil Code, that a mortgage payment schedule at market interest be substituted for an original payment schedule at below-market interest, when the borrower or a subsequent purchaser ceases to be a person or family of low or moderate income, and that additional payments of interest resulting therefrom be forwarded to the agency. The agency may waive the requirement of this subdivision when necessary to permit participation in mortgage insurance, guarantee, or purchase programs, or when this provision would interfere with the financial structuring or the administration of any bond financing program.

41403. The agency, after approving an application for a mutual self-help housing project, may make development loans and construction loans for land acquisition and development costs to eligible housing sponsors on such terms and conditions and in such amounts as it deems necessary to accomplish the purposes of this part. Such development loans and construction loans may be interest free if sufficient surplus funds exist for such purpose and such loans can be made without jeopardizing the financial self-sufficiency of the agency or the adequacy of its reserves. Land acquired and housing developments financed pursuant to this section shall be sold or

conveyed to eligible housing sponsors or for the purpose of developing other mutual self-help housing.

In making loans pursuant to this section, the agency, as an alternative to disbursing such loans directly to eligible housing sponsors or persons and families of low or moderate income, may establish procedures retaining such loans or portions thereof, and disburse such amounts directly to the person or entity performing a service, or providing goods, material, land or improvements.

41404. The agency, by regulation, shall also assure that qualified mortgage lenders do not substitute funds made available under this part for the lenders' own resources, without permission of the agency. Qualified mortgage lenders may provide financing under this part until the agency makes a finding that the lender is in violation of this section or decertifies the lender pursuant to Section 41057.

## CHAPTER 5. FINANCING OF HOUSING DEVELOPMENTS

### Article 1. Loans for Housing Developments

41450. Subject to the limitations prescribed by Article 4 (commencing with Section 41475) of this chapter, the agency may make, or undertake commitments to make, development loans, construction loans, mortgage loans, and advances in anticipation of such loans to housing sponsors to finance housing developments.

41451. The agency shall make and publish rules and regulations respecting the making of development loans, construction loans, and mortgage loans pursuant to this part, the terms and conditions upon which such loans may be made to housing sponsors, the admission of tenants to a housing development, the inclusion of nonhousing facilities in housing developments, the construction of nonhousing facilities, and supervision of housing sponsors, including housing sponsors owning and occupying a housing development. Such regulations shall require, where a financing commitment is made for construction of housing to be purchased by persons and families of low or moderate income, that construction will be undertaken in an economical manner, providing the buyer with an attractive home.

41452. The agency shall enter into regulatory contracts and other agreements with housing sponsors receiving loans under the provisions of this part.

### Article 2. Loans Through Intermediary Lenders and Mortgage Purchase and Sale

41455. The agency may invest in, purchase, or make commitments to purchase, and take assignments from qualified mortgage lenders of, construction loans, mortgage loans, obligations secured by construction loans or mortgage loans, and participations therein for financing or refinancing of housing developments.

Such construction loans, mortgage loans, obligations secured by construction loans or mortgage loans, or participation therein may be held or sold by the agency, or the agency may create pools of such loans, obligations, and participations held by the agency and may sell securities backed by such pools.

41456 The agency may invest in, purchase, or make

commitments to purchase any residential mortgage or any obligation secured by a residential mortgage or participation therein, and sell such obligations, residential mortgages, or participations or create pools of such obligations, residential mortgages, or participations held by the agency and issue and sell securities backed by such pools. The agency shall require the seller of such obligations, residential mortgages, or participations purchased by the agency to use the proceeds for the purpose of financing housing developments.

41457. The agency may insure or guarantee any obligation held by the agency and secured by a mortgage on a single-unit housing development for the purpose of increasing its acceptability or value for sale or as security for other obligations. Nothing in this section shall, however, be construed as authorizing the creation of a debt or liability of the state within the meaning of Section 1 of Article XVI of the State Constitution

41458. Sales of mortgage obligations and securities pursuant to this article may be made at public or private sale, with or without public bidding, whether directly or through a contract with a private marketing intermediary

### Article 3 Loans to Qualified Mortgage Lenders

41465. The agency may make loans to qualified mortgage lenders under terms and conditions requiring the proceeds thereof to be used by such mortgage lenders for the purpose of making construction loans and mortgage loans for the purpose of financing housing developments.

41467. Mortgage loans shall not be made under this article unless the agency determines that type of loan can be made at a lower cost to a housing sponsor than is available for the same type of loan made under the provisions of Article 1 (commencing with Section 41450), Article 2 (commencing with Section 41455) or Article 4 (commencing with Section 41475) of this chapter.

41468. Loans shall not be made by the agency to a qualified mortgage lender under the provisions of this article, except pursuant to an agreement between the agency and the qualified mortgage lender. Such agreements shall include the following:

(a) A maximum interest rate that can be charged for construction loans or mortgage loans

(b) A recital of the requirements of loans for housing developments authorized by this part

(c) Standards for mortgage servicing and foreclosure practices, including programs of forbearance and recasting for mortgages in default

41469. In connection with loans made pursuant to this article, the agency may collect, enforce the collection of, and foreclose on any collateral securing the loans and may acquire or take possession of such collateral and sell the same at public or private sale, with or without public bidding, and otherwise deal with such collateral as may be necessary to protect the interest of the agency therein. The exercise of the powers specified in this subdivision shall be subject to any agreements with bondholders.

With respect to deposit of moneys in the fund pursuant to this section, the agency may require that any collateral provided on

account thereof be lodged with a financial institution or trust company located in the state designated by the agency as custodian therefor. In the absence of such requirement the financial institution shall, if collateral is to be provided for the loan or securities purchased, upon receipt of the proceeds from the agency, enter into an agreement with the agency containing such provisions as the agency shall deem necessary to adequately identify and maintain such collateral and service the same and shall provide that such financial institution shall hold such collateral as an agent for the agency and shall be held accountable as the trustee of an express trust for the application and disposition thereof and the income therefrom solely to the uses and purposes in accordance with the provisions of such agreement. A copy of each such agreement and any revisions or supplements thereto shall be filed with the Secretary of State and no further filing or other action under the California Uniform Commercial Code or any other law of the state shall be required to perfect the security interest of the agency in such collateral or any additions thereto or substitutions therefor, and the lien and trust for the benefit of the agency so created shall be binding from and after the time made against all parties having claims of any kind in tort, contract, or otherwise against such financial institution.

#### Article 4. Lender of Last Resort

41475. Except as provided in this article, the agency shall not make construction loans or mortgage loans for the purpose of financing owner-occupied housing developments unless such loans are made through a qualified mortgage lender.

41476. In rural mortgage areas the agency may make and undertake commitments to make construction loans and mortgage loans to housing sponsors to finance housing developments without the participation of a qualified mortgage lender if no qualified mortgage lender will participate in financing such housing developments as provided in Article 2 (commencing with Section 41455) or Article 3 (commencing with Section 41465) of this chapter, or if the board determines that the agency can initiate or service loans directly at less cost than through use of a qualified mortgage lender.

41477. The agency may make and undertake commitments to make construction loans and mortgage loans to finance owner-occupied housing developments without the participation of a qualified mortgage lender where the income of the owner-occupant is no greater than 65 percent of the median income for the area in which the housing development is located as determined by the United States Department of Housing and Urban Development or by the agency's reference to current data of the U S Census Bureau. The income at 65 percent of median shall be based on a family of four with adjustments above and below such maximum to compensate for family size.

## Article 5. Supervision of Housing Sponsors

41480 The agency shall do the following:

(a) Prescribe uniform systems of accounts and records for each class of housing sponsors of rental and cooperative housing developments and require them to make reports and give answers to specific questions on such forms and at such times as may be necessary for the purposes of this part.

(b) Establish minimum capital reserves to be maintained by nonprofit and limited-dividend housing sponsors of rental and cooperative housing developments.

(c) Fix and alter from time to time a schedule of rents such as may be necessary to provide tenants who are persons and families of low or moderate income with affordable rents to the extent consistent with the maintenance of the financial integrity of the housing development and to provide profits to housing sponsors subject to the limitations of Section 41482. Income from commercial facilities constituting a portion of a single housing development financed pursuant to this part shall, to the extent they receive the benefit of below-market-interest financing from the agency, assist in the support of appurtenant residential facilities. No housing sponsor shall increase the rent charged on any assisted rental unit of a housing development without the prior permission of the agency, which shall be given only if the housing sponsor affirmatively demonstrates that such increase is required to defray necessary operating costs or avoid jeopardizing the fiscal integrity of the housing development or to provide the agreed rate of return with respect to additional equity money contributed by investors pursuant to Section 41482, and additional debt service and necessary operating costs with respect to increases in mortgage loans for improvements to the housing development deemed necessary by the agency.

Applications to the agency for permission to adjust rents shall include a statement of the existing and proposed rent for each unit a detailed statement of the necessity and authority for the increase under this subdivision, and the extent to which rent increases would be paid by tenants in assisted units and not offset by increased subsidy payments. Prior notice of any rent increase shall be given in writing as required by Section 1946 of the Civil Code. Prior to the time any rent increase is effective the housing sponsor shall notify every affected tenant, in writing, of informal meetings with the housing sponsor to review the proposed rent increase and that each tenant, upon request, will be provided the information submitted to the agency under this subdivision.

(d) Determine standards for, and control selection by housing sponsors of, tenants and purchasers.

(e) Regulate the terms of occupancy agreements to be used in housing financed under this chapter.

(f) Provide such bilingual services and publications, or require housing sponsors to provide such bilingual services and publications, as are necessary to ensure informed access to housing financed pursuant to this part for persons and families of low or moderate income who have limited fluency in the English language.

41481 The agency may do any of the following with respect to



housing sponsors of rental and cooperative housing financed pursuant to this part

(a) Through its agents or employees, enter upon and inspect the lands, buildings, and equipment of a housing sponsor, including all parts thereof, and examine the books and records of a housing sponsor. However, there shall be no entry or inspection of occupied units without consent of the occupant.

(b) Supervise the operation and maintenance of any housing financed pursuant to this part and order such repairs as may be necessary to protect the public interest or the health, safety, or welfare of occupants of the housing.

(c) Require any housing sponsor to pay to the agency such fees as it may prescribe to defray its costs incurred in connection with the examination, inspection, supervision, auditing, or other regulation of the housing sponsor.

(d) Regulate the retirement of any capital investments or the redemption of stock or the distribution of any equity interest in any housing sponsor.

(e) Order any housing sponsor to do, or to refrain from doing, any act, as may be necessary to comply with the provisions of state, federal, or local laws, the rules and regulations of the agency, or the terms of any contract between the agency and the housing sponsor.

(f) Withhold the transfer of construction payments to a housing sponsor pending adequate performance, as determined by the agency, of any acts required of such housing sponsor pursuant to the provisions of this division or pursuant to any agreement by and between the agency and such housing sponsor.

41482. Every housing sponsor of a rental or cooperative housing development which receives a construction loan or mortgage loan or a grant pursuant to this part shall enter into an agreement with the agency providing for the regulation of the disposition of property and the limitation of profit. Any housing sponsor of a rental housing development receiving a mortgage loan pursuant to this part, other than a nonprofit housing sponsor or local public entity, shall enter into an agreement including limitation of earnings distribution to an annual amount no greater than 6 percent of the equity invested in the housing development, unless a higher limitation on earnings distribution is otherwise provided by rules and regulations of the agency

The agency may permit a distribution greater than 6 percent to investors contributing additional equity money to an existing housing development, or in the case of a housing development over which the agency has assumed managerial and financial control pursuant to Section 41483, or in any case where it would materially contribute to meeting the policies or goals of this division.

41483. Upon making a determination that the financial status of a rental or cooperative housing development is such as to jeopardize any economic interest of the agency in such housing development, the agency may assume managerial and financial control of the housing sponsor and may supervise and prescribe the activities of the housing sponsor in such manner and under such terms and conditions as the agency may stipulate in any contract with the housing sponsor. Such control may be exercised through

appointment by the agency to the governing body of such housing sponsor of a number of new members sufficient to constitute a voting majority of the governing body thereof, notwithstanding the provisions of the articles of incorporation or other documents of organization of the housing sponsor.

41484. The agency may prescribe regulations specifying the categories of cost which shall be allowable in the construction or rehabilitation of a housing development. The agency may require any housing sponsor to certify the development costs upon completion of the housing development. Such certification of development costs shall be subject to audit and verification by the agency.

41485. The agency may institute any action or proceeding pursuant to applicable provisions of law against any housing sponsor receiving or assuming a loan under the provisions of this part in any court of competent jurisdiction in order to enforce the provisions of this part or the terms and provisions of any contract between the agency and such housing sponsor, to foreclose its mortgage, or to otherwise protect the public interest or the occupants of the housing development. Where necessary to protect the interests of the agency, it may, in connection with any such action or proceeding, apply to the court for the appointment of a receiver to take over, manage, operate, and maintain the affairs of the housing sponsor of a rental or cooperative housing development. No receiver shall be appointed unless approved by the agency.

In the event of the reorganization of any housing sponsor, to the extent permitted by law, such reorganization shall be subject to the supervision and control of the agency and no such reorganization shall be effected without the prior written consent of the agency. The agency may provide in its loan agreements that, in the event of a judgment against any housing sponsor in any action to which the agency is not a party, there shall be no sale of the housing development or any portion thereof, except upon 60 days' written notice to the agency. Upon receipt of such notice, the agency or Attorney General shall take such steps as in its judgment may be necessary to protect the rights of all parties.

41486. Whenever a housing sponsor of a rental or cooperative housing development accumulates an earned surplus greater than such operating and replacement reserves as the agency may require, that surplus shall be used to reduce rents within the housing development to a level at which no person or family of low or moderate income occupying the housing development pays more than the affordable rent. Whenever a housing sponsor of a rental or cooperative housing development accumulates an earned surplus greater than such operating and replacement reserves as the agency may require and no person or family of low or moderate income occupying the housing development pays more than the affordable rent, then such surplus shall be transferred to the agency for use in lowering the rents for persons and families of low or moderate income in other housing developments to a level no greater than the affordable rents.

41487. A housing sponsor that is a person or family of low or moderate income shall not receive financial assistance under this

part if such person or family has already received assistance under this part for purchase of other real property, unless such property is sold or transferred for good cause as determined by the agency.

#### Article 6. Priorities

41495. In selecting proposals for financing, the agency shall give priority consideration to the needs of identifiable groups within the state, as identified by the California Statewide Housing Plan. Such groups may include, but need not be limited to the elderly and the handicapped, large households, and persons and families displaced by governmental action or natural disaster. The agency shall also consider rural areas, areas in which new construction is needed, areas in which rehabilitation is needed, and areas of credit shortage where financing is needed for the purchase of existing housing in order to maximize the impact of the agency's financial activities on employment, reduction of housing costs, and maintenance of local economic activity. The agency shall balance its activity between metropolitan, nonmetropolitan, and rural areas of the state in general proportion to the needs identified in the Statewide Housing Plan. The agency may also give priority consideration to, and reserve funds for use in connection with, large urban revitalization programs

In order to facilitate implementation of local housing allocation plans, the agency may contract with a local public entity to reserve a portion of available credit and subsidy assistance for that area for one year. Such contracts may be renewed annually by mutual agreement.

41496. Subject to the availability of adequate subsidies, not less than 30 percent of the combined total units financed by mortgage loans and neighborhood improvement loans pursuant to this part during each fiscal year shall be made available on a priority basis to very low income households. Subject to the availability of adequate subsidies, not less than 20 percent of the units in each housing development shall be made available on a priority basis to very low income households, except that such requirement shall not apply to housing developments of less than 12 units where the agency finds it is not necessary to make units available in the development for very low income households to meet the requirement of making 30 percent of total units available to very low income households. Units required to be made available on a priority basis pursuant to this section, shall be offered exclusively to those within the priority group unless or until the agency permits the unit to be offered to other potential occupant groups.

41497. At the close of each fiscal year the agency shall ascertain that not less than 25 percent of the total units financed during the preceding 12 months pursuant to this part were made available to very low income households. At the close of each fiscal year the agency shall ascertain that not less than 25 percent of all units financed pursuant to this part by mortgage loans or neighborhood improvement loans are occupied or available to very low income households. If the agency finds that said very low income occupancy goals have not been met the agency shall immediately notify the Governor, the Speaker of the Assembly, and the Senate Rules

Committee and shall recommend such legislation or other action as may be required to make at least 20 percent of the units so available.

41498. At the time a mortgage loan commitment is made to finance any rental housing development, a written agreement between the agency and housing sponsor shall be executed, designating the number of units to be made available on a priority basis within such housing development to very low income households, to persons and families of low or moderate income, and to other households. If the number of units occupied by very low income households in any housing development ever falls below the number agreed to by the agency and housing sponsor, then units which become available for occupancy shall, subject to available subsidies be made available on a priority basis to very low income households until the number of units so occupied equals at least the number specified in the agreement. The agency may from time to time review agreements designating the allocation of units and, subject to agreement with the housing sponsor, may increase the number of units to be made available to very low income households if consistent with maintenance of the financial integrity of the housing development and continuance of permitted earnings distributions, or may establish minimum rents or minimum incomes for occupancy of units becoming vacant and not otherwise allocated to very low income households if necessary to the financial integrity of the housing development and continuance of permitted earnings distributions.

41499. Nothing in this part, including Section 41337, shall require the agency to allocate more than 25 percent of the units in any single housing development to very low income households, except housing designed for occupancy by elderly or handicapped households or housing developments of 12 units or less, with respect to which the board finds it necessary for the purposes of this division that such proportion be exceeded.

41500. Not less than 30 percent nor more than 40 percent of the units financed by the agency during each fiscal year for very low income households shall be designed specifically for occupancy by elderly or handicapped persons. The agency shall in each fiscal year, finance at least that number of rental units designed for occupancy and accessibility by persons with orthopedic disabilities necessary to make such units equal to the same percentage relationship to the total number of rental units as such persons comprise when compared to the total population of the state. The percentage shall only, however, relate to those persons qualified by income and the percentage relationship shall be verified according to submarket areas within the state.

41501. The agency shall assist housing sponsors in obtaining subsidies. In selecting housing to be given assistance under this division, the agency shall give priority to those which are able to obtain subsidies but cannot obtain alternative financing in order to utilize such subsidies. The agency shall make every effort to obtain subsidy funds and nothing in this division shall preclude the agency from meeting the eligibility requirements for obtaining federal housing subsidy allocations.

41502. To implement the purposes of this division, the agency

shall develop or require housing sponsors to develop, pursuant to regulations of the agency, resident selection plans for housing developments, which shall provide that preference be given to households displaced by a housing development, public action, or natural disaster. Such plans shall include criteria for resident selection, which shall establish income limits for residents, and may include a counseling program designed to promote the financial success of the housing development or the health, safety, and welfare of residents of the housing development. The agency may make participation in such a counseling program a condition or precondition of occupancy of a housing development. The agency may develop or require housing sponsors to develop, pursuant to regulations of the agency, resident selection plans for large urban revitalization programs which recognize a need to attract a full range of income groups for housing developments in central-city areas.

#### Article 7. State and Local Cooperation

41510. The agency may, in connection with a housing development, arrange or contract with a local public entity (1) for the planning, replanning, opening, grading, or closing of streets, roads, roadways, alleys or other places, (2) for the furnishing of utilities or any community, municipal or public facilities or services, (3) for the acquisition by a local public entity of property or property rights, or (4) for the furnishing of property or services. Any local public entity may, upon finding that a public purpose is served thereby, enter into such contractual agreements with the agency and to do all things necessary to carry out its obligations.

41511. Notwithstanding any other provision of law, the Department of General Services, any other state agency or officer authorized by law to convey real property of the state, and any local public entity may, in his or its discretion, from time to time sell, lease for a term not exceeding 99 years, grant, or convey to the agency or to a housing sponsor designated by the agency any real property and appurtenances thereto or any interest therein owned by the state or local public entity which the agency shall certify as necessary for its purposes. Such certification of need shall be evidenced by a formal request from the president of the agency. Any such sale, lease, grant, or conveyance shall be made with or without consideration and upon such terms and conditions as may be mutually agreed upon by the state or local public entity and the agency. However, before any such sale, lease, grant, or conveyance is made at less than fair market value, the agency shall make a finding that the difference between the consideration required and fair market value will inure primarily to the benefit of persons and families of low or moderate income living in a housing development or a residential structure.

41512. (a) Upon application to the department, any city, county, city and county, or combination thereof acting jointly, or the duly constituted governing body of an Indian reservation or rancheria shall be certified as a local housing agent by the department if the department determines that the applicant meets the criteria specified in subdivision (b). If a local housing agent consists of more than one city, county, or city and county, each such entity shall individually meet the criteria of subdivision (b). All applications of

prospective housing sponsors for loans or grants authorized by this part for housing developments or neighborhood improvement loans shall be reviewed by the local housing agent, if any, for the area in which the housing development or neighborhood improvement loan is to be financed. The local housing agent shall approve an application for a loan or grant for a housing development or a neighborhood improvement loan unless it expressly finds that the application does not meet one or more of the following criteria:

(1) The proposed housing development conforms with a housing element that meets the requirements of subdivision (b).

(2) The proposed housing development is consistent with the provision of a full range of housing opportunities within the jurisdiction of the local housing agent.

(3) The proposed housing development would be in compliance with applicable federal, state, and local laws, including laws prohibiting discrimination in housing.

An application shall be deemed approved if the local housing agent fails to approve or reject it within 40 days following the date of submission.

(b) A local housing agent shall meet all of the following criteria:

(1) The local housing agent shall have adopted a housing element, as required by subdivision (c) of Section 65302 of the Government Code, and an affirmative housing plan, if required by Section 65008 of the Government Code. The housing element shall not conflict with any housing assistance plan submitted to the federal government as part of an application to obtain funds for community development or housing.

(2) The housing element of the local agency shall make adequate provision for all economic and racial segments of the community in new and rehabilitated housing throughout its jurisdiction.

(3) The local housing agent shall develop or specify a procedure, which shall be identified in its application to the agency, to expedite the processing of zoning changes, use permits, building permits, environmental clearance, and any other type of permit, approval, or clearance which may be required by the city, county, or city and county or by any other local public entity or governmental agency prior to construction or rehabilitation of a housing development.

(c) No housing development shall be assisted by a loan authorized by this part, unless the housing development has received the approval of both the local housing agent and the agency. This subdivision shall not be applicable to housing developments proposed for areas in which there is no local housing agent.

(d) A local housing agent may delegate the function specified in this section to any local public entity, with the approval of the agency.

(e) At any time a local housing agent ceases to meet the criteria specified in subdivision (b), the department may decertify the local housing agent. Certification of the local housing agent shall be reviewed annually by the department. Recertification shall not be granted if the department finds that, during the preceding year, the local housing agent has unreasonably denied approval of applications or has ceased to perform its functions under subdivision (a).

41513. To facilitate coordinated planning on an

intergovernmental basis, the agency shall provide an opportunity for review and comment by areawide clearinghouses under circular A-95 of the United States Office of Management and Budget. Subsequent amendments shall be reviewed to assure their conformity with the intent of this division. If such an areawide clearinghouse, within 30 days after receiving notification of a proposed housing development of over 25 units within its jurisdiction, notifies the agency that it disapproves of such housing development, the agency shall, prior to recordation of a loan to finance the housing development, provide to the areawide clearinghouse a written explanation of the board's reasons for proceeding despite such disapproval. No local agency shall be required to contribute money to be expended to pay the costs of the requirements of this section.

#### CHAPTER 6. NEIGHBORHOOD PRESERVATION

41550. This chapter empowers the agency to designate participating concentrated rehabilitation areas and participating mortgage funds assistance areas and to enter into agreements with local public entities for systematic code enforcement. It does not limit agency powers to provide construction loans and mortgage loans involving the rehabilitation of housing developments as provided in Chapter 5 (commencing with Section 41450) of this part, nor does it prevent loans for new construction pursuant to Chapter 5 (commencing with Section 41450) in areas where financing is provided pursuant to this chapter.

41550.5 The agency shall, after public hearings, establish priorities for the allocation of financing assistance pursuant to this chapter among eligible areas and counties and cities throughout the state. In so doing, the agency shall take into account the following factors, to the extent applicable:

(a) The impact of financing assistance in upgrading substandard residential structures to decent, safe, and sanitary condition.

(b) The impact of financing assistance in stabilizing urban neighborhoods and preventing or arresting the process of deterioration.

(c) The impact of financing assistance in effectuating the efficient utilization of commitments of housing subsidies, thereby increasing housing opportunities for low and very low income households.

(d) The impact of financing assistance in complementing the local utilization of community development funds made available pursuant to Title I of the Housing and Community Development Act of 1974 (Public Law 93-383).

(e) The availability and feasibility of alternative means to achieve substantially the same results as financing assistance provided pursuant to this chapter.

41551. Upon application by a local public entity, the agency may designate an area within a city or county as a participating concentrated rehabilitation area if it makes the following findings:

(a) The area was selected after citizen participation by the governing body of the city or county in which the area is located

(b) There are a significant number of older and deteriorating residential structures in such area requiring rehabilitation.

(c) Rehabilitation assistance is necessary to enable and encourage residents in such area to cooperate in a local program of concentrated code enforcement.

(d) Rehabilitation of residential structures will arrest deterioration in the area.

(e) Rehabilitation of residential structures in the area is economically feasible.

(f) The local public entity has offered to contract with the agency to (1) provide necessary supporting neighborhood public improvements and services, such as street improvements, landscaping and acquisition of open space, undergrounding of utility lines, and construction of drainage facilities in the area for which eligibility has been requested, and (2) provide concentrated and continuing enforcement of state and local housing and building standards in such area.

(g) The local public entity will make every effort to prevent unnecessary displacement in accomplishing rehabilitation and has an adequate program of relocation advisory assistance for persons unavoidably displaced due to rehabilitation.

(h) The supply of housing available to very low income households at affordable rents and the supply of housing available to other persons and families of low or moderate income at affordable rents will not be reduced within the area because those displaced will receive relocation payments and be able to obtain standard housing in the area. Alternatively, standard housing will be available at affordable rents in equally desirable neighborhoods, expanding the range of housing opportunities for minority and low-income persons.

(i) The local public entity has adopted a housing element in compliance with Section 65302 of the Government Code with housing element guidelines which sets forth an effective plan for systematic enforcement of state and local building and housing standards throughout its jurisdiction.

(j) The application is consistent with local housing assistance plans adopted pursuant to the Housing and Community Development Act of 1974 (Public Law 93-383).

41552. Upon approval of an application for designation of an area as a participating concentrated rehabilitation area, the agency may either:

(a) Enter into an agreement with the local public entity for purchase by the agency of bonds and notes issued pursuant to Chapter 3 (commencing with Section 37930) of Part 13 of Division 24; or

(b) Enter into an agreement with the local public entity for a program of rehabilitation assistance as provided in Section 41553 or 41554, or both, to be administered by the local public entity, or

(c) Enter into an agreement with the local public entity for a program of rehabilitation assistance as provided in Section 41553 or 41554, or both, to be administered by the agency, except that the agency shall make mortgage loans only under the conditions of Chapter 5 (commencing with Section 41450).

41553. Financing assistance for housing developments in participating concentrated rehabilitation areas shall include any or all of the following types of loans:



- (a) Development loans to prepare for rehabilitation.
- (b) Mortgage loans for purchase of housing developments rehabilitated pursuant to rules and regulations of the agency.
- (c) Construction loans for rehabilitation, or for rehabilitation with acquisition or refinancing.
- (d) Mortgage loans for rehabilitation, or for rehabilitation with acquisition or refinancing, where the cost of acquisition and rehabilitation or the cost of rehabilitation without refinancing exceeds the financial capability of the owner, or would result in rents which are not competitive for the area, as determined by the agency. For owner-occupied housing developments, the terms and interest rates of such mortgage loans shall be commensurate with ability to pay, as established by regulations of the agency.

41354. In addition, neighborhood improvement loans may be provided, on the following terms:

(a) Neighborhood improvement loans shall not be subject to the conditions applicable to mortgage loans or construction loans made for housing developments, except as follows:

(1) Residential structures financed shall be deemed to be housing developments, and their owners housing sponsors, for purposes of Chapter 1 (commencing with Section 41300) and Chapter 2 (commencing with Section 41331) of this part, but excluding Sections 41332.5 and 41338.

(2) All powers and duties specified in Chapter 4 (commencing with Section 41385) as to housing developments shall apply to residential structures financed by neighborhood improvement loans, except that the exercise of powers specified in Sections 41398 shall be permissive.

(3) Neighborhood improvement loans shall be subject to such conditions as may be provided by agreement between the agency and a local public entity administering the program and as provided for specifically in this part.

(b) Neighborhood improvement loans shall be made at market interest, except that loans to persons and families of low or moderate income for residential structures of one to four units which are to be occupied by the owner may be made at lower interest rates based on income.

(c) Neighborhood improvement loans shall be made by the administering agency or local public entity or qualified mortgage lender.

(d) Neighborhood improvement loans shall be made only for residential structures.

(e) Refinancing may be provided, but only as necessary to permit the owner to afford the cost of rehabilitation or to minimize rent increases for occupants of the structure whose rents would otherwise exceed affordable rents due to the expense of rehabilitation, and provided that the cost of rehabilitation is at least 20 percent of the principal amount of the loan.

(f) Neighborhood improvement loans other than for refinancing shall be made for rehabilitation costs. In addition to the actual rehabilitation cost, if any, loans may be made for general repairs and improvements to the structure in amounts not in excess of the greatest of:

(1) Two thousand five hundred dollars (\$2,500) per dwelling unit.  
(2) Twenty percent of rehabilitation costs in the case of a residential structure other than a residential structure of one to four units to be occupied by the owner.

(3) Forty percent of rehabilitation costs in the case of a residential structure of one to four units to be occupied by the owner.

(g) The agency shall require that borrowers contract during the term of the loan not to raise residential rentals over an amount which the agency by regulation establishes will yield a fair rate of return and will allow for increases reasonably necessary to provide and continue proper maintenance of the property, except that residential structures of one to four units which are to be occupied by the owner shall be regulated as to rentals in a manner consistent with subdivision (h) of Section 41551.

"Rehabilitation costs," as used in this section, may include development costs, as defined, which are incurred in the rehabilitation of a housing development or residential structure and such other costs for general renovation of the building as are permitted by agency regulations.

Nothing in this section shall authorize financing for the acquisition of residential structures. The agency may by regulation provide for such additional conditions and agreements, not inconsistent with this section, as are deemed necessary to further the purposes of this part.

41555. Relocation payments shall be made to persons and families displaced in making a site or a residential structure available for rehabilitation or construction financed under this chapter, and relocation advisory assistance provided, as set forth in Section 41397. Relocation payments shall also be made to owners involuntarily displaced because of inability to afford costs of compliance required pursuant to this chapter; but any payment pursuant to Section 4623 of Title 42 of the United States Code or Section 7263 of the Government Code shall be limited to the reasonable cost of a replacement dwelling adequate to accommodate the displaced person or family without regard to whether the dwelling is otherwise comparable to the dwelling formerly occupied, less the amount received from sale of the dwelling.

41556. The agency may designate a participating mortgage funds assistance area, after soliciting maximum feasible participation by local agencies and community organizations, if it makes the following findings:

(a) Market interest mortgage financing is generally unavailable in the area, or only under available special programs.

(b) There is not a substantial number of residential structures in the area which do not conform to rehabilitation standards.

(c) Unavailability of mortgage funds is likely to be a primary cause of deterioration of structures located in the area in the future.

(d) Mortgage assistance in the area is likely to prevent or arrest deterioration in the area.

(e) Mortgage assistance in the area is economically feasible.

(f) The area was selected after citizen participation.

For the purposes of this section, the requirements under Section 41030 shall be limited to owners and residents of buildings proposed as participating residential structures.

(g) Agency activity in the area will inure primarily to the benefit of persons and families of low and moderate income.

41557. In a participating mortgage funds assistance area, the agency may administer programs of neighborhood improvement loans pursuant to Section 41554 and mortgage and construction loans authorized under Section 41553 in a manner consistent with Chapter 5 (commencing with Section 41450) of this part.

41559. Upon application by a local public entity the agency may agree to allocate funds for mortgage loans for rehabilitation of housing developments as required in a citywide or countywide program of enforcement of state and local building and housing standards. Such assistance may be administered by the local public entity or the agency.

#### CHAPTER 7. REVENUE BONDS

41700. The agency may from time to time issue its negotiable bonds in such principal amount as the agency, with the approval of the Housing Bond Credit Committee, shall determine to be necessary to provide sufficient funds for financing housing developments and other residential structures and for the payment of interest on bonds of the agency, establishment of reserves to secure such bonds, and other expenditures of the agency incident to, and necessary or convenient to, issuance of such bonds.

Issuance of the bonds of the agency shall be coordinated by the State Treasurer. To obtain a date for the issuance of bonds, the agency shall inform the State Treasurer of the amount of the proposed issue. Upon such notification, the State Treasurer shall provide three 10-day periods, within the 90 days next following, when the bonds could be issued, subject to approval of the Housing Bond Credit Committee. The agency may choose any date during the suggested periods or any other date to which the agency and the State Treasurer have mutually agreed. The State Treasurer shall sell the bonds on the date chosen according to terms approved by the agency.

The aggregate principal amount of nonguaranteed bonds which may be issued pursuant to this part shall not exceed three hundred million dollars (\$300,000,000), exclusive of indebtedness incurred to refund or renew previously issued bonds of the agency to the extent of the outstanding principal indebtedness of such previously issued bonds, including the payment of any redemption premium thereon and any interest accrued or to accrue to the date of redemption of such bonds. Guaranteed taxable bonds to be issued by the agency may be authorized in an amount not exceeding one hundred fifty million dollars (\$150,000,000).

Notwithstanding any other provisions of this part, only the following types of housing developments and other residential structures are eligible for mortgage loans made with the proceeds of bonds:

(a) Housing developments and other residential structures financed with bonds of the agency guaranteed under Section 802 of Title VIII of the Federal Housing and Community Development Act of 1974.

(b) Housing developments and other residential structures

financed with bonds of the agency that are guaranteed, or the timely payment of principal and interest of which is insured, by an agency of the state or by a private insuring entity authorized to engage in such business.

(c) Housing developments and other residential structures, the mortgage loans on which are expected to be insured under a program utilizing federal coinsurance as authorized under Section 244 of Title III of the Federal Housing and Community Development Act of 1974 (P.L. 93-383).

(d) Housing developments and other residential structures, the bonds or mortgage loans on which are expected to be insured or guaranteed by an agency of the state, a political subdivision of the state, or by a private insuring entity authorized to engage in such business.

(e) Housing developments and other residential structures, the mortgage loans on which are expected to be insured by the Federal Housing Administration or guaranteed by the United States Veterans Administration or by the Farmers Home Administration of the United States Department of Agriculture.

(f) Housing developments and other residential structures financed by a loan made by the agency to a qualified mortgage lender, if both of the following conditions are met:

(1) The loan to the qualified mortgage lender is a general obligation of the mortgage lender, and

(2) The qualified mortgage lender is a member of, or a subsidiary of a member of, the Federal Deposit Insurance Corporation or of the Federal Savings and Loan Insurance Corporation.

(g) Housing developments and other residential structures financed by tax-exempt bonds for which a bond reserve fund is created which equals either the average annual debt service or the maximum annual interest on the bonds issued.

41702. Except as may otherwise be expressly provided by resolution of the agency, every issue of its bonds shall be general obligations of the agency payable out of any assets, revenues, or moneys of the agency, subject only to any agreements with the holders of particular bonds pledging any particular assets, revenues or moneys.

41703. The bonds shall be authorized by resolution or resolutions of the agency, shall bear such date or dates, and shall mature at such time or times as such resolution or resolutions may provide, except that no bond shall mature more than 50 years from the date of its issue. The bonds may be issued as serial bonds or as term bonds, or as a combination thereof, and, notwithstanding any other provision of law, the amount of principal of, or interest on, bonds maturing at each date of maturity need not be equal. The bonds shall bear interest at such rate or rates, be in such denominations, be in such form, either coupon or registered, carry such registration privileges, be executed in such manner, be payable in such medium of payment at such place or places within or without the state, and be subject to such terms of redemption as such resolution or resolutions may provide. The bonds of the agency shall be sold at public or private sale by the State Treasurer at or below such price level or levels as the agency shall determine prior to any sale or sales.

41703.5. The agency may, from time to time, issue (1) bonds to renew bonds and (2) other bond obligations to pay bonds including the interest thereon, and, whenever it deems refunding expedient, to refund any bonds by the issuance of new bonds, whether the bonds to be refunded have or have not matured and to issue bonds partly to refund bonds then outstanding and partly for any of its purposes.

41704. Any resolution or resolutions authorizing any bonds or issue therefor may contain provisions, which shall be a part of the contract or contracts with the holders thereof, as to:

(a) Pledging all or any part of the revenues of the agency to secure the payment of the bonds or any issue thereof, subject to such agreements with bondholders as may then exist.

(b) Pledging all or any part of the assets of the agency, including mortgages and obligations securing the same, to secure the payment of the bonds or any issue thereof, subject to such agreements with bondholders as may then exist.

(c) The use and disposition of the gross income from mortgages owned by the agency and payment of principal of mortgages owned by the agency.

(d) The setting aside of reserves or sinking funds and the regulation and disposition thereof.

(e) Limitations on the purposes to which the proceeds of a sale of bonds may be applied and pledging such proceeds to secure the payment of the bonds or of any issue thereof.

(f) Limitations on the issuance of additional bonds, the terms upon which additional notes or bonds may be issued and secured, and the refunding of outstanding bonds.

(g) The procedure, if any, by which the terms of any contract with bondholders may be amended or abrogated, the amount of bonds the holders of which must consent thereto, and the manner in which such consent may be given.

(h) Limitations on the amount of moneys to be expended by the agency for operating expenses of the agency.

(i) Vesting in a trustee or trustees such property, rights, powers, and duties in trust as the agency may determine, which may include any or all of the rights, powers, and duties of the trustee appointed by the bondholders pursuant to this part and limiting or abrogating the right of the bondholders to appoint a trustee or limiting the rights, powers, and duties of such trustee.

(j) Defining the acts or omissions to act which shall constitute a default in the obligations and duties of the agency to the holders of the bonds and providing for the rights and remedies of the holders of the bonds in the event of such default, including as a matter of right the appointment of a receiver. However, such rights and remedies shall not be inconsistent with the general laws of the state and the other provisions of this division.

(k) Any other matters, of like or different character, which in any way affect the security, protection, or investment return of the holders of the bonds.

41704.5. Any resolution or resolutions authorizing any bonds or issue thereof shall specify the extent to which revenues resulting from loans made with proceeds of the bonds so authorized are to be used to secure the bonds and the extent to which such revenues may

be used for other purposes.

41705. Any pledge made by the agency shall be valid and binding from the time when the pledge is made. The revenues, moneys, or property so pledged and thereafter received by the agency shall immediately be subject to the lien of such pledge without any physical delivery thereof or further act, and the lien of any such pledge shall be valid and binding as against all parties having claims of any kind in tort, contract, or otherwise against the agency, irrespective of whether such parties have notice thereof. Neither the resolution nor any other instrument by which a pledge is created need be recorded.

41705.5. Bond underwriters and consultants shall be selected by the agency.

41706. The members of the board, the president of the agency, or any other person executing such notes or bonds shall not be subject to any personal liability or accountability by reason of the issuance thereof.

41707. There is hereby created a Housing Bond Credit Committee composed of the State Controller, the State Treasurer, the Director of Finance, the president, and an executive secretary. The executive secretary shall be appointed by the Governor to a five-year term subject to confirmation by the Senate. The executive secretary shall serve in a full-time capacity with a salary set by the committee. The executive secretary shall aid the committee in the performance of its duties under this chapter, as directed by the committee, and shall perform the functions specified in Section 41311.5. The members of the committee other than the executive secretary shall serve on the committee without compensation. A majority shall be empowered to act for such committee. Prior to the issuance of any bonds, the board shall submit to the committee a statement of the purpose for which bonds are proposed to be issued and the amount of the proposed issuance. The committee shall determine the general adequacy of the program's security in protecting the state's credit. If the committee finds the state's credit would be subject to an undue risk, it may disapprove the proposed issuance or reduce the amount of the proposed issuance.

41708. The State Treasurer shall act as trustee for the agency and the holders of its bonds. Any resolution authorizing any bonds or issue thereof shall prescribe the duties of the State Treasurer with respect to the issuance, authentication, sale, and delivery of the bonds, the payment of principal and interest thereof, and the redemption of the bonds.

The agency may provide by a resolution for the deposit of all revenues pledged for the security of such bonds in one or more separate accounts in the California Housing Finance Fund under the control of the State Treasurer as trustee. The money in such accounts shall be disbursed only as provided in the resolution.

The board may authorize the State Treasurer to act as trustee on behalf of the holders of its bonds, or any stated percentage thereof, for the purpose of exercising and prosecuting on behalf of the holders of the bonds such rights and remedies as may be available to such holders. However, nothing in this section shall preclude the appointment of a trustee, other than the State Treasurer, to

represent and enforce rights of holders of bonds of the agency if, and in the manner and under conditions, provided in the resolution authorizing the bonds.

Additionally, the board may appoint a corporate trustee to act as trustee pursuant to this section in lieu of the State Treasurer in any instance in which the board is advised by bond counsel that a conflict of interest would arise from the Treasurer acting as such trustee.

41709. The State Treasurer or other trustee acting on behalf of bondholders shall have and possess all the powers necessary or convenient for the exercise of any functions specifically set forth in this part or incident to the general representation of bondholders in the enforcement and protection of their rights. The Superior Court of Sacramento County shall have jurisdiction of, and Sacramento County shall be the appropriate venue for, any suit, action, or proceedings by the trustee on behalf of bondholders.

41710. Whether or not the bonds are of such form and character as to be negotiable instruments under, or subject to, the terms of the California Uniform Commercial Code, the bonds and any security instruments underlying the bonds are hereby made negotiable instruments within the meaning of, and for all the purposes of, such code, subject only to the provisions of the bonds for registration.

41711. In the event any of the board members or officers of the agency whose signatures appear on any bonds or coupons shall cease to be such board members or officers before the delivery of such bonds, such signatures shall, nevertheless, be valid and sufficient for all purposes, the same as if such board members or officers had remained in office until such delivery.

41712. Proceeds derived from the issuance of bonds or securities and any interest or other increment derived from the investment thereof may be used for any of the purposes of the agency, including, but not limited to, creation of reserves, repayment of the loan from the state made pursuant to the act enacting this division, operating costs, other expenses, and subsidy programs.

41713. The agency, in its discretion and pursuant to agreements with bondholders, may create and establish one or more special accounts in the California Housing Finance Fund, which shall be known as "bond reserve funds," and shall pay into each such bond reserve fund (1) any moneys appropriated and made available by the Legislature for the purpose of such fund, (2) any proceeds of sale of bonds to the extent provided in the resolution or resolutions of the agency authorizing the issuance thereof, and (3) any other moneys which the agency may make available for the purpose of such bond reserve fund from any other source or sources. All moneys held in any bond reserve fund, except as otherwise provided in this part, shall be used, as required, solely for the payment of the principal of bonds secured in whole or in part by such fund, for the sinking fund payments authorized by this part with respect to such bonds, for the purchase or redemption of such bonds, for the payment of interest on such bonds, or for the payment of any redemption premium required to be paid when such bonds are redeemed prior to maturity. However, moneys in a bond reserve fund shall not be withdrawn therefrom at any time in such amount as would reduce the amount of the bond reserve fund to less than the bond reserve

fund requirement established for such fund, as provided in Section 41714, except for the purpose of making, with respect to bonds secured in whole or in part by such fund, payment when due of principal, interest, redemption premiums, and the sinking fund payments, as provided in this part, for the payment of which other moneys of the agency are not available. Any income or interest earned by, or increment to, any bond reserve fund due to the investment thereof may be transferred by the agency to other funds or accounts of the agency to the extent it does not reduce the amount of the bond reserve fund below the bond minimum bond reserve fund requirement for such fund.

In computing the amount of bond reserve funds for the purpose of this section, securities in which all or a portion of such funds are invested shall be valued at par if purchased at par, and shall be valued at amortized value, as such term is defined by resolution of the agency, if purchased at other than par.

41714. The agency shall not at any time issue bonds if, upon issuance of the bonds, the amount in any bonds reserve fund, established pursuant to Section 41713 to secure such bonds or any previous issuance of bonds, will be less than the minimum bond reserve fund requirement for such fund, unless the agency at the time of issuance of such bonds, shall deposit in such fund from the proceeds of the bonds to be issued, or from other sources, an amount which, together with the amount then in such fund, will not be less than the bond reserve fund requirement for such fund. For the purposes of this chapter, the term "bond reserve fund requirement" shall mean, as of any particular date of computation, an amount of money, as provided in the resolution or resolutions of the agency authorizing the bonds with respect to which such bond reserve fund is created, that is established as a reserve for current or future obligations to the bondholders.

41715. The Supplementary Bond Security Account is hereby created in the California Housing Finance Fund. Moneys in such account may be transferred into separate, individual accounts in the fund, which shall be known as supplementary reserve accounts, but the amount appropriated to the Supplementary Bond Security Account shall be utilized to secure issuances of bonds under this chapter as deemed necessary by the agency and shall be used for no other purpose. Upon issuance of any bonds pursuant to this chapter, the agency may create a supplementary reserve account to secure payment of the principal of, and interest and sinking fund payment on, such bonds.

When all obligations secured by all supplementary reserve accounts are retired, the Supplementary Bond Security Account shall be dissolved and all moneys therein shall be used first for repayment to the General Fund in the State Treasury of the amount advanced to the Supplementary Bond Security Account by the act enacting this division, less any amount previously repaid on account of such advance. Remaining funds shall be paid into the general accounts of the housing finance agency unless otherwise obligated.

When the amount in a bond reserve fund falls below the minimum bond reserve fund requirement for such fund and available revenues of the agency pledged to the prescribed minimum bond reserve fund



requirement are insufficient to restore such fund, the agency shall transfer to the bond reserve fund, from the supplementary bond reserve account securing such bonds, the amount necessary to restore such fund to the minimum bond reserve fund requirement. Moneys in supplementary reserve accounts may be used to directly pay the interest, principle and sinking fund payments on the bonds as provided by bond resolution. To secure issuances of bonds, the supplementary reserve accounts may also be used to insure mortgages to protect the value of the housing developments or other residential structures serving as real property security in any manner permitted by bond resolution.

If the issuance of bonds of the state, as provided in Part 4 (commencing with Section 41800) of this division, is approved by the voters, all moneys in the Supplementary Bond Security Account shall, upon replacement by general obligation bond proceeds, be transferred to the general accounts of the housing finance agency. The agency shall then transfer to the General Fund in the State Treasury the remaining amount necessary to repay the Treasury for the appropriation to the Supplementary Bond Security Account.

Notwithstanding other provisions of this part, interest on the ten million dollars (\$10,000,000) appropriated for the Supplementary Bond Security Account shall be paid to the General Fund at the end of each fiscal year.

41716. The agency shall create and establish such other accounts in the California Housing Finance Fund as may be necessary or desirable for its agency purposes.

41717. The agency may provide for the issuance of refunding bonds for the purpose of refunding any bonds then outstanding which have been issued under the provisions of this chapter, including the payment of any redemption premium thereon and any interest accrued or to accrue to the date of redemption of such bonds, and for any purpose of the agency. The issuance of such obligations, the maturities and other details thereof, the rights of the holders thereof, and the rights, duties, and obligations of the agency in respect of the same shall be governed by the provisions of this chapter which relate to the issuance of bonds, insofar as such provisions may be appropriate therefor.

41718. Refunding bonds issued as provided in Section 41717 may be sold or exchanged for outstanding bonds issued under this part and, if sold, the proceeds thereof may be applied, in addition to any other authorized purposes, to the purchase, redemption, or payment of such outstanding bonds. Pending the application of the proceeds of any such refunding bonds, with any other available moneys, (1) to the payment of the principal, accrued interest, and any redemption premium on the bonds being refunded, (2) to the payment of any interest on such refunding bonds, or (3) to any expenses incurred in connection with such refunding, such proceeds may be invested in such obligations as are permitted under the bond resolution authorizing the issuance of refunding bonds.

41719. The state does hereby pledge to and agree with the holders of any bonds issued under this part that the state will not limit or alter the rights hereby vested in the agency to fulfill the terms of any agreements made with the holders thereof or in any way impair

the rights and remedies of such holders until such bonds, together with the interest thereon, with interest on any unpaid installments of interest, and all costs and expenses in connection with any action or proceeding by or on behalf of such holders, are fully met and discharged. The agency is authorized to include this pledge and agreement of the state in any agreement with the holders of such notes or bonds.

41720. Bonds issued under the provisions of this part shall not be deemed to constitute a debt or liability of the state or of any political subdivision thereof, other than the agency, or a pledge of the faith and credit of the state or of any such political subdivision, other than the agency, but shall be payable solely from funds herein provided therefor. All such bonds and any prospectus or other printed representation of the agency concerning such bonds shall contain on the face thereof a statement to the following effect: "Neither the faith and credit nor the taxing power of the State of California is pledged to the payment of the principal of or interest on this bond."

The issuance of bonds under the provisions of this part shall not directly or indirectly or contingently obligate the state or any political subdivision thereof to levy or to pledge any form of taxation whatever therefor or to make any appropriation for their payment. Nothing contained in this section shall prevent or be construed to prevent the agency from pledging its full faith and credit to the payment of bonds or issue of bonds authorized pursuant to this part.

41721. The bonds of the agency shall be legal investments in which all public officers and public bodies of this state, its political subdivisions, all municipalities and municipal subdivisions, all insurance companies and associations and other persons carrying on an insurance business, all banks, bankers, banking institutions, including savings and loan associations, building and loan associations, trust companies, savings banks and savings associations, investment companies and other persons carrying on a banking business, all administrators, guardians, executors, trustees and other fiduciaries, and all other persons whatsoever who are now or may hereafter be authorized to invest in bonds or in other obligations of the state, may properly and legally invest funds, including capital, in their control or belonging to them. The bonds may be used by any such private financial institution, person, or association as security for public deposits. The bonds are also hereby made securities which may properly and legally be deposited with and received by all public officers and bodies of the state or any agency or political subdivision of the state and all municipalities and public corporations for any purpose for which the deposit of bonds or other obligations of the state is now or may hereafter be authorized by law, including deposits to secure public funds.

#### PART 4. HOUSING FINANCE BOND LAW OF 1975

41800. This part shall be known and may be cited as the Housing Finance Bond Law of 1975.

41801. Bonds in the total amount of five hundred million dollars (\$500,000,000), or so much thereof as is necessary, may be issued and sold to provide a fund to be used by the California Housing Finance Agency to finance housing developments and other residential

structures, as authorized in this division, for the primary purpose of increasing the availability of housing within this state for persons and families of low or moderate income, and to be used to reimburse the General Obligation Bond Expense Revolving Fund pursuant to Section 16724.5 of the Government Code. However, the proceeds of the bonds shall first be used to repay to the General Fund in the State Treasury the amount advanced to the Supplementary Bond Security Account established by Part 3 of this division, less amounts already repaid on account of such advance at the time of the issuance of the bonds and, to the extent required by Section 41806.5, proceeds shall be transferred to the Housing Rehabilitation Insurance Fund. Such bonds shall be known and designated as the State Housing Finance Bonds, and when sold, shall be and constitute a valid and binding obligation of the State of California, and the full faith and credit of the State of California are hereby pledged for the punctual payment of both principal and interest on such bonds as such principal and interest become due and payable.

The state shall not have outstanding at any one time general obligation bonds specified in this part in an aggregate principal amount exceeding five hundred million dollars (\$500,000,000), excluding bonds issued to refund outstanding bonds.

41802. The Housing Bond Credit Committee created by Section 41707, upon the request of the board stating the purposes for which bonds are proposed to be issued and the amount of the proposed issuance, shall determine whether or not a bond issue under this part is necessary or desirable to accomplish such purposes. The committee shall have the authority and shall perform the functions specified in the State General Obligation Bond Law, Chapter 4 (commencing with Section 16720) of Part 3, Division 4, Title 2 of the Government Code.

41803. There shall be collected each year and in the same manner and at the same time as other state revenue is collected such sum in addition to the ordinary revenues of the state as shall be required to pay the principal and interest on the bonds maturing in that year, and it is hereby made the duty of all officers charged by law with any duty in regard to the collection of such revenue to do and perform each and every act which shall be necessary to collect such additional sum.

41804. There is hereby appropriated from the General Fund in the State Treasury for the purposes of this part, such an amount as will equal the following:

(a) Such sum annually as will be necessary to pay the principal and interest on bonds issued and sold pursuant to the provisions of this part as such principal and interest become due and payable.

(b) Such sum as is necessary to carry out the provisions of Section 41805, which sum is appropriated without regard to fiscal years.

41804.5. The General Obligation Bond Account is hereby created in the California Housing Finance Fund.

41805. For the purposes of carrying out the provisions of this part, the Director of Finance may by executive order authorize the withdrawal from the General Fund of an amount or amounts not to exceed the amount of the unsold bonds which have been authorized to be sold for the purposes specified in Section 41801. Any amounts

withdrawn shall be deposited in the General Obligation Bond Account in the California Housing Finance Fund, and any moneys made available in such a manner shall be returned to the General Fund from moneys received from the sale of bonds sold for such purposes.

41806. The proceeds of bonds issued and sold pursuant to this part shall be deposited in the General Obligation Bond Account in the California Housing Finance Fund and may be expended only for the purposes specified in this division. Any interest or other increment resulting from the deposit or investment of moneys in the General Obligation Bond Account shall be deposited in such account. Moneys derived by the agency from financing housing developments with the proceeds of bonds issued pursuant to this part shall be deposited in such account. Notwithstanding any other provision of this division, moneys in the General Obligation Bond Account and moneys, property, and mortgages derived therefrom shall not be pledged to secure any obligation of the agency created pursuant to Chapter 7 (commencing with Section 41700) of Part 3 of this division.

41806.5. Within 120 days after the agency sells general obligation bonds pursuant to this part, there shall be transferred from the proceeds of such bonds to the Housing Rehabilitation Insurance Fund created by Senate Bill No. 4 of the 1975-76 First Extraordinary Session, if enacted, an amount which, as of the date of such transfer, is equal to that amount of money deposited, and required to be maintained, in the loan insurance reserve account or accounts of the Housing Rehabilitation Insurance Fund for the purpose of securing commitments and contracts of insurance for loans made or assisted pursuant to Part 3 (commencing with Section 41300) of this division. For general obligation bond funds transferred to the Housing Rehabilitation Insurance Fund pursuant to this section, the amounts necessary for the payment of principal, interest, and sinking fund payments on such bonds shall be transferred from the Housing Rehabilitation Insurance Fund to the General Obligation Bond Account to the extent reserves and working capital of the Housing Rehabilitation Insurance Fund would not be impaired.

41807. On the several dates on which funds are remitted pursuant to Section 16676 of the Government Code for the payment of the then maturing principal and interest on the bonds in each fiscal year, there shall be returned into the General Fund in the State Treasury moneys from the General Obligation Bond Account in the California Housing Finance Fund in an amount which is sufficient for the payment of principal and interest on the bonds then due and payable, if, and to the extent that, the transfer of such moneys from the General Obligation Bond Account in the California Housing Finance Fund will not unreasonably impair the working capital of the California Housing Finance Agency. In the event moneys transferred from the General Obligation Bond Account in the California Housing Finance Fund to the General Fund on such remittance dates are less than the principal and interest then due and payable with respect to the bonds, then the balance remaining unpaid, together with interest thereon at the rate borne by such bonds compounded semiannually from the date of maturity, shall be returned into the General Fund out of the General Obligation Bond

Account in the California Housing Finance Fund as soon thereafter as it shall become available, without unreasonable impairment of the working capital of the agency.

41808. The bonds authorized by this part shall be prepared, executed, issued, sold, paid and redeemed as provided in the State General Obligation Bond Law, Chapter 4 (commencing with Section 16720) of Part 3, Division 4, Title 2 of the Government Code, and all of the provisions of that law are applicable to the bonds and to this part, and are hereby incorporated in this part as though set forth in full herein.

41809. As used in this part and for purposes of the State General Obligation Bond Law, Chapter 4 (commencing with Section 16720) of Part 3, Division 4, Title 2 of the Government Code, the following terms shall have the following meanings:

(a) "Bond" means a state general obligation bond issued pursuant to this part and known as a state housing finance bond.

(b) "Board" means the Board of Directors of the California Housing Finance Agency.

(c) "Committee" means the Housing Bond Credit Committee created by Section 41707

(d) "Fund" means the General Obligation Bond Account in the California Housing Finance Fund created by Section 41804.5.

SEC. 8. A special election is hereby called to be held throughout the state on the second day of November, 1976. The special election shall be consolidated with the general election to be held on that date. The consolidated election shall be held and conducted in all respects as if there were only one election and only one form of ballot shall be used. Except as otherwise provided in this act, all of the provisions of law relating to the submission of measures proposed by the Legislature shall apply to the measure submitted pursuant to this act. A ballot pamphlet shall be prepared, compiled and distributed relating to the Housing Finance Bond Law of 1975 as set forth in Part 4 (commencing with Section 41800) of Division 31 of the Health and Safety Code, as proposed by this act. The Secretary of State shall distribute the ballot pamphlets to the county clerks not later than 45 days before the election, and the county clerks shall commence to mail such pamphlets to the voters not less than 15 days before the election. The distribution of ballot pamphlets in all respects shall be conducted in accordance with the provisions of Section 3573 of the Elections Code.

SEC. 9. At the special election called by this act there shall be submitted to the electors Part 4 (commencing with Section 41800) of Division 31 of the Health and Safety Code, as proposed in this act, which shall appear as the first proposition on the ballot. All provisions of this act shall control the submission of Part 4 (commencing with Section 41800) of Division 31 of the Health and Safety Code, as proposed by this act, and the holding of, the special election called by this act.

SEC. 10. Upon the effective date of this section, arguments for and against the measure hereby ordered submitted to the electors shall be prepared in time, form and manner as provided in Article 18 (commencing with Section 3527) of Chapter 1 of Division 4 of the Elections Code.

SEC. 11. The special election provided for in this act shall be proclaimed, held, conducted, the ballots shall be prepared, marked, collected, counted and canvassed and the results shall be ascertained and the returns thereof made in all respects in accordance with the provisions of the Constitution applicable thereto and the law governing general elections insofar as provisions thereof are applicable to the election provided for in this act; provided, however, that the Governor need not issue his election proclamation until 30 days before the election.

SEC. 12. Notwithstanding any other provision of law, all ballots at said election shall have printed thereon and in a square thereof, the words: "For the Housing Finance Bond Law of 1975" and in the same square under said words the following in eight-point type: "This act provides for a bond issue of five hundred million dollars (\$500,000,000) to provide funds for financing housing." In the square immediately below the square containing such words, there shall be printed on said ballot the words, "Against the Housing Finance Bond Law of 1975," and in the same square immediately below said words, in eight-point type shall be printed "This act provides for a bond issue of five hundred million dollars (\$500,000,000) to provide funds for financing housing." Opposite the words "For the Housing Finance Bond Law of 1975," and "Against the Housing Finance Bond Law of 1975," there shall be left spaces in which the voters may place a cross in the manner required by law to indicate whether they vote for or against said act, and those voting for said act shall do so by placing a cross opposite the words, "For the Housing Finance Bond Law of 1975," and those voting against the act shall do so by placing a cross opposite the words "Against the Housing Finance Bond Law of 1975," provided, that where the voting of such election is done by means of voting machines used pursuant to law in such manner as to carry out the intent of this section, such use of such voting machines and the expression of the voters' choice by means thereof, shall be deemed to comply with the provisions of this section. The Governor of this state shall include the submission of this act to the people, as aforesaid, in his proclamation for such election.

SEC. 13. The votes cast for or against the Housing Finance Bond Law of 1975 shall be counted, returned and canvassed and declared in the same manner and subject to the same rules as votes cast for state officers; and if it appears that said act shall have received a majority of all the votes cast for and against it at said election as aforesaid, then the same shall have effect as hereinbefore provided, and shall be irrevocable until the principal and interest of the liabilities herein created shall be paid and discharged; but if a majority of the votes cast as aforesaid are against the Housing Finance Bond Law of 1975 then the same shall be and become void.

SEC. 14. Upon the effective date of this section the Secretary of State shall request the Legislative Analyst to prepare an analysis of the measure in accordance with Section 88003 of the Government Code. Such analysis shall be filed with the Secretary of State within the time specified in the Elections Code.

SEC. 15. Section 8 of Chapter 1222 of the Statutes of 1965 is repealed.

SEC. 16. It is the intent of the Legislature that Section 15 of this

act shall have the effect of making permanent the transfer of the Division of Housing and of other functions to the Department of Housing and Community Development effected by Chapter 1222 of the Statutes of 1965 and that the status, position and rights of persons serving in the state civil service and employed by the Commission of Housing and Community Development or the Department of Housing and Community Development shall continue to be retained by them pursuant to the State Civil Service Act (Part 2 (commencing with Section 18500) of Division 5 of Title 2 of the Government Code).

SEC. 17. The sum of eleven million three hundred forty-nine thousand eight hundred seventeen dollars (\$11,349,817) is hereby appropriated from the General Fund according to the following schedule:

(a) To the California Housing Finance Agency for its initial expenses.....	\$750,000
(b) For transfer to the Supplementary Bond Security Account in the California Housing Finance Fund .....	\$10,000,000
(c) To the Department of Housing and Community Development for its expenses under this act ....	\$599,817

Moneys advanced pursuant to subdivision (a) of this section shall be deposited in the California Housing Finance Fund within 10 days after the date on which this act becomes effective, and shall be repaid from revenues of the agency not later than January 1, 1986.

Such moneys advanced pursuant to subdivision (a) shall constitute, and be accounted for, as advances to the agency and a like amount shall be repaid to the General Fund in the State Treasury, without interest, from all available operating revenues of the California Housing Finance Agency in excess of amounts required for the payment or securing of bonds or other reserves or obligations of the agency or for its current operating expenses.

SEC. 18. For 150 days following the effective date of this act:

(1) The California Housing Finance Agency may provide financing or other assistance under the provisions of Division 31 (commencing with Section 41000) of the Health and Safety Code for housing developments and other residential structures within a proposed concentrated rehabilitation area without making the findings otherwise required by Section 41551 if prompt action is necessary to obtain federal housing subsidies; (2) the board of directors of such agency may adopt interim rules and regulations without regard to the requirements in subdivision (e) of Section 41385 which rules and regulations shall apply to housing developments and other residential structures financed by the agency pursuant to applications submitted during such 150-day period. Interim regulations of the agency pursuant to Division 31 (commencing with Section 41000) of the Health and Safety Code also need not comply with requirements of the Administrative Procedure Act, except that they shall be published and available to the general public. Comments shall be requested on the interim regulations as a basis for producing permanent regulations. By mutual agreement of the agency and any housing sponsor, any provision of the permanent regulations may be substituted for a

provision of the interim regulations after the effective date of the permanent regulations "

**Amendment 8**

On page 9, strike out lines 3 to 13, inclusive, and strike out pages 10 to 107, inclusive.

The undersigned consent to the report:

GEORGE N. ZENOVICH

PETER H. BEHR

G. MOSCONE

BRUCE NESTANDE

PETER R. CHACON

JOHN F. FORAN

Senate Committee on Conference    Assembly Committee on Conference

Report presented by Mr. Chacon, and adopted by the following vote:

**AYES—61**

Alatorre

Arnett

Bane

Bannai

Berman

Beverly

Boatwright

Brown

Calvo

Carpenter

Chacon

Chel

Chimbole

Craven

Cullen

Davis

Deddeh

Dixon

Duffy

Egeland

Fenton

Foran

Garamendi

Greene

Gualco

Hart

Ingalls

Keene

Keysor

Knox

Lanterman

Lewis

Lockyer

MacDonald

Maddy

McAlister

McVittie

Muller

Mobley

Montoya

Mori

Murphy

Nestande

Nizmo

Papan

Perno

Priolo

Ralph

Robinson

Rosenthal

Siegler

Thomas, Vincent

Thomas, Wilham

Thurman

Torres

Vicencia

Warren

Wilson

Wornum

Z'berg

Mr Speaker

**NOES—8**

Antonovich

Briggs

Burke

Campbell

Cline

Collier

Lancaster

McLennan

Above bill ordered enrolled.

**RECESS**

At 1:35 p.m., Speaker McCarthy declared the Assembly recessed.

**REASSEMBLED**

At 4:56 p.m., the Assembly reconvened.

Hon. Leo T. McCarthy, Speaker of the Assembly, presiding.

**QUORUM CALL OF THE ASSEMBLY DISPENSED WITH**

At 4:56 p.m., Speaker McCarthy declared the quorum call of the Assembly dispensed with.

**VOTE CHANGES**

The following Members were granted unanimous consent to record their votes:

On the Conference Committee Report on Assembly Bill 1: Messrs. Vicencia and Mori, "Aye"; Mr. Cline, "No"; Messrs. McVittie and Keysor, "Aye"; Messrs. Campbell and Antonovich, "No"; Mr. Robinson, "Aye".



**ADJOURNMENT**

At 4:57 p.m., Speaker McCarthy declared the Assembly adjourned until 12:30 p.m., Friday, June 20, 1975.

LEO T. McCARTHY, Speaker

ANABEL FLEURY, Minute Clerk



## CALIFORNIA LEGISLATURE

1975-76 FIRST EXTRAORDINARY SESSION

**ASSEMBLY DAILY JOURNAL**SEVENTY-FIRST LEGISLATIVE DAY  
ONE HUNDRED TWENTY-FOURTH CALENDAR DAY**IN ASSEMBLY**Assembly Chamber, Sacramento  
Friday, June 20, 1975

The Assembly met at 2:47 p.m.

Hon. Leo T. McCarthy, Speaker of the Assembly, presiding.

Chief Clerk James D. Driscoll at the Desk.

Assistant Clerk Ray Monday reading.

**ROLL CALL**

The roll was called, and the following answered to their names—75:

Alatorre	Collier	Lancaster	Priolo
Antonovich	Craven	Lanterman	Ralph
Arnett	Cullen	Lewis	Robinson
Badham	Davis	Lockyer	Rosenthal
Bane	Deddeh	MacDonald	Siegler
Bannaï	Dixon	Maddy	Sieroty
Berman	Duffy	McAlister	Suitt
Beverly	Egeland	McLennan	Thomas, Vincent
Boatwright	Fenton	McVittie	Thomas, Wilham
Briggs	Foran	Meade	Thurman
Brown	Garamendi	Miller	Torres
Burke	Greene	Mobley	Vasconcellos
Calvo	Gualco	Montoya	Vacencia
Carpenter	Hart	Mori	Warren
Chacon	Hayden	Murphy	Wilson
Chappie	Ingalls	Nestande	Wornum
Chel	Kaploff	Nimmo	Z'berg
Chimbole	Keene	Papan	Mr Speaker
Chne	Keysor	Perno	

Quorum present.

**PRAYER**

Upon invitation of Speaker McCarthy, the following prayer was offered by Honorable Robert P. Nimmo, Member, 29th District:

*Give Us Today, Father*, The grace of friendliness that we may share the joys and troubles of those with whom we work

Give us grace to speak the right words when we must speak, the grace to be silent when we need not speak, the grace to listen when someone else speaks.

Help us to know each other better so that, in new friendship, we will find new understanding and new strength.—AMEN.

**PLEDGE OF ALLEGIANCE TO THE FLAG**

Upon request of Speaker McCarthy, Mr. Bannai then led the Assembly in the pledge of allegiance to the Flag.

**READING OF THE JOURNAL DISPENSED WITH**

By unanimous consent, reading of the Journal of the previous legislative day was dispensed with.

**LEAVES OF ABSENCE FOR THE DAY**

The following Members were granted leaves of absence for the day, because of illness:

Mr. Campbell, on request of Speaker McCarthy.

Mr. Tucker, on request of Speaker McCarthy.

The following Member was granted leave of absence for the day, on legislative business, and desired to waive his per diem:

Mr. Knox, on request of Speaker McCarthy.

The following Member was granted leave of absence for the day, on personal business, and desired to waive his per diem:

Mr. Goggin, on request of Speaker McCarthy.

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NOTE: For letter explaining the absence of Mr. Knox on this day on legislative business pursuant to the Assembly Rules, see Assembly Daily Journal for the Regular Session for this day.

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**RECESS**

At 2:48 p.m., Speaker McCarthy declared the Assembly recessed.

**REASSEMBLED**

At 8:31 p.m., the Assembly reconvened.

Hon. Leo T. McCarthy, Speaker of the Assembly, presiding.

**REPORTS OF STANDING COMMITTEES****Committee on Ways and Means**

Assembly Chamber, June 20, 1975

Mr. Speaker: Your Committee on Ways and Means reports:

Senate Bill No. 4

With amendments with the recommendation: Amend, and do pass, as amended

FORAN, Chairman

Above bill ordered to second reading.

**ADJOURNMENT**

At 8:32 p.m., Speaker McCarthy declared the Assembly adjourned until 9 a.m., Monday, June 23, 1975.

LEO T. MCCARTHY, Speaker

ANABEL FLEURY, Minute Clerk

## CALIFORNIA LEGISLATURE

1975-76 FIRST EXTRAORDINARY SESSION

**ASSEMBLY DAILY JOURNAL**SEVENTY-SECOND LEGISLATIVE DAY  
ONE HUNDRED TWENTY-SEVENTH CALENDAR DAY**IN ASSEMBLY**Assembly Chamber, Sacramento  
Monday, June 23, 1975

The Assembly met at 6:21 p.m.

Hon. Leo T. McCarthy, Speaker of the Assembly, presiding.

Chief Clerk James D. Driscoll at the Desk.

Assistant Clerk Ray Monday reading.

**ROLL CALL**

The roll was called, and the following answered to their names—78:

Alstorre	Collier	Knox	Perino
Antonovich	Craven	Lancaster	Priolo
Arnett	Cullen	Lanterman	Ralph
Badham	Davis	Lewis	Robinson
Bane	Deddeh	Lockyer	Rosenthal
Bannai	Dixon	MacDonald	Siegler
Berman	Duffy	Maddy	Sieroty
Beverly	Egeland	McAlister	Suitt
Boatwright	Fenton	McLennan	Thomas, Vincent
Briggs	Foran	McVittie	Thomas, William
Brown	Garamendi	Meade	Thurman
Burke	Goggus	Miller	Torres
Calvo	Greene	Mobley	Vasconcellos
Campbell	Gualco	Montoya	Vicencia
Carpenter	Hart	Mori	Warren
Chacon	Hayden	Murphy	Wilson
Chappie	Ingalls	Nestande	Wornum
Chel	Kaploff	Nunno	Z'berg
Chimbole	Keene	Papan	Mr. Speaker
Cline	Keyser		

Quorum present.

**PRAYER**

The following prayer was offered by the Chaplain, Father Leo McAllister:

We give You thanks  
for what we have received as a gift;  
Life itself, and language,  
the touch of someone who loves us,  
The delights of food and drink,  
and the gifts we take for granted,  
Like coolness in the evening,  
and the earth turning back to the sun.

We give You thanks  
for a world of so much variety  
That we believe in Heaven  
because we don't have time to enjoy all the earth.

Most of all we thank You, Father,  
for the gift of a fellow human  
Whom we call Jesus and some of us call Lord,  
who dares to make us hope  
That Your power is greater than all our troubles  
and we are right to join the angels in Your praise.

—*J. T. Nolan*

**PLEDGE OF ALLEGIANCE TO THE FLAG**

Upon request of Speaker McCarthy, Mr. Kapiloff then led the Assembly in the pledge of allegiance to the Flag.

**MOTION TO DISPENSE WITH READING OF THE JOURNAL**

Reading of the Journal of the previous legislative day was dispensed with on motion of Mr. Beverly, seconded by Mr. Calvo.

**LEAVES OF ABSENCE FOR THE DAY**

The following Member was granted leave of absence for the day, because of illness:

Mr. Tucker, on request of Speaker pro Tempore Papan.

**CONSIDERATION OF DAILY FILE  
SECOND READING OF SENATE BILLS**

**Senate Bill No. 4**—An act to add Part 5 (commencing with Section 42000) to Division 31 of the Health and Safety Code, relating to housing, and making an appropriation therefor.

Bill read second time.

**Consideration of Committee Amendments**

The following amendments, proposed by the Committee on Ways and Means, were read, and adopted:

**Set No. 1****Amendment 1**

On page 3, line 13, of the printed bill, as amended in Assembly May 8, 1975, after "for", insert "residential".

**Amendment 2**

On page 3, line 17, strike out "increased", and insert "perceived".

**Amendment 3**

On page 3, line 29, after "of", insert "residential".

**Amendment 4**

On page 3, line 34, strike out "investor confidence", and insert "adequate bond security".

**Amendment 5**

On page 4, line 1, after "market", insert "such".

**Amendment 6**

On page 5, line 2, after "agency", insert "to the extent lending is permitted under Chapter 5 (commencing with Section 41450) of Part 3".

**Amendment 7**

On page 5, line 21, after "following", insert "in the order provided below".

**Amendment 8**

On page 5; line 27, after the second "of", insert "both".

**Amendment 9**

On page 5, line 33, after "Dissemination", insert ", seven days prior to the original hearing,".

**Amendment 10**

On page 6, line 6, strike out "(d) Any", and insert "In addition to the requirements of subdivisions (a) to (c), inclusive, any".

**Amendment 11**

On page 6, line 8, after "agency", insert "may be implemented".

**Amendment 12**

On page 7, line 12, after "a", insert "residential".

**Amendment 13**

On page 7, strike out lines 18 to 20, inclusive and insert "state or local housing or other standards the purpose of which is to insure that

residential structures are in decent, safe, and sanitary condition, including any higher standards adopted by a local agency in connection with a program of code enforcement utilizing rehabilitation loans insured under this part."

**Amendment 14**

On page 7, line 32, strike out "and the subvention of", and insert "and provided".

**Amendment 15**

On page 8, line 24, strike out "Section 41385", and insert "Sections 41385 and 41392".

**Amendment 16**

On page 9, strike out lines 19 to 25, inclusive, and insert "42028. Information and statistics required to be collected and maintained by Section 42027 shall be submitted together with the annual report required by Section 41365."

**Amendment 17**

On page 9, line 34, strike out "audit and".

**Amendment 18**

On page 9, line 36, strike out "audit and".

**Amendment 19**

On page 9, line 39, strike out "The agency may"; strike out line 40; on page 10, strike out line 1; and in line 2, strike out "and evaluation."

**Amendment 20**

On page 10, line 22, strike out "prepared in consultation with", and insert "reviewed by".

**Amendment 21**

On page 10, strike out line 24, and insert "Additionally, such budget shall be submitted, with the secretary's comments, to".

**Amendment 22**

On page 10, line 34, strike out "or savings and loan associations", and insert "or other financial institutions".

**Amendment 23**

On page 10, line 35, strike out "moneys", and insert "deposits".

**Amendment 24**

On page 10, lines 36 and 37, strike out "to be deposited in savings and loan associations", and insert "in each type of financial institution".

**Amendment 25**

On page 10, line 38, strike out "agency's allocations of"; strike out lines 39 and 40; and on page 11, strike out line 1, and insert "relative participation of the different types of financial institutions as qualified".

**Amendment 26**

On page 11, strike out lines 7 to 12, inclusive, and insert "The agency may alternatively".



**Amendment 27**

On page 12, line 25, strike out "chapter", and insert "part".

**Amendment 28**

On page 12, line 30, after the comma, insert "except as required by Section 41806.5 and".

**Amendment 29**

On page 13, line 9, after "substandard", insert "residential".

**Amendment 30**

On page 13, strike out lines 39 and 40; and on page 14, strike out lines 1 and 2.

**Amendment 31**

On page 14, line 19, after "deteriorating", insert "residential".

**Amendment 32**

On page 14, line 25, after "of", insert "residential".

**Amendment 33**

On page 15, line 5, after "to", insert "other".

**Amendment 34**

On page 15, line 15, strike out "adopted", and insert "with".

**Amendment 35**

On page 15, line 33, after "Deteriorating", insert "residential".

**Amendment 36**

On page 15, line 39, after "such", insert "residential".

**Amendment 37**

On page 16, line 8, after "identifying" insert "residential".

**Amendment 38**

On page 16, line 11, strike out "chapter", and insert "part".

**Amendment 39**

On page 16, line 34, after "of", insert "residential".

**Amendment 40**

On page 16, line 39, after the second "of", insert "residential".

**Amendment 41**

On page 17, line 15, after the second "the", insert "residential".

**Amendment 42**

On page 18, line 3, after "of", insert "residential".

**Amendment 43**

On page 18, line 7, strike out "At", and insert "Except for loans insured pursuant to subdivision (d), at".

**Amendment 44**

On page 18, line 14, after "owner-occupied", insert "residential".

**Amendment 45**

On page 18, line 24, after "the", insert "residential".

**Amendment 46**

On page 18, line 28, after "a", insert "residential".

**Amendment 47**

On page 18, line 30, after "a", insert "residential".

**Amendment 48**

On page 18, line 31, after "time", insert "and in a manner".

**Amendment 49**

On page 18, line 34, after "one", insert "residential".

**Amendment 50**

On page 18, line 40, after "of", insert "residential".

**Amendment 51**

On page 19, line 4, after "one", insert "residential".

**Amendment 52**

On page 19, line 8, after the period, insert "Not more than 25 percent of the aggregate outstanding principal balance of loans insured pursuant to this part may consist of loans authorized to be insured by this subdivision."

**Amendment 53**

On page 19, line 22, strike out "shall", and insert "may".

**Amendment 54**

On page 19, line 24, after "loans", insert "but only to the extent necessary to prevent unreasonable impairment of the agency's security".

**Amendment 55**

On page 19, line 32, after "of", insert "residential".

**Amendment 56**

On page 19, line 37, strike out the comma, and insert "pursuant to subdivision (d), and".

**Amendment 57**

On page 19, line 39, after "a", insert "residential".

**Amendment 58**

On page 20, line 5, after "the", insert "residential".

**Amendment 59**

On page 20, lines 20 and 21, strike out "into an escrow account to be paid", and insert "after completion or according to a progress payment schedule".

**Amendment 60**

On page 20, line 37, after "that", insert "residential".

**Amendment 61**

On page 21, line 5, strike out the comma.

**Amendment 62**

On page 21, line 11, after the period, insert "Relocation payments may be made from the proceeds of insured loans as authorized by the agency."

**Amendment 63**

On page 21, line 12, after "The", insert "residential".

**Amendment 64**

On page 21, line 19, strike out "establish", and insert ", after public hearings, establish, and may from time to time revise,".

**Amendment 65**

On page 21, strike out lines 24 to 26, inclusive, and insert "which, when added to the other revenues of the insurance program, will be adequate to defray losses occasioned by defaults and the operating expenses of the program, to repay amounts advanced to the agency for purposes of this part from the General Fund, to make payments to the General Obligation Bond Account to the extent required by Section 41806.5, and gradually to expand the insurance capability of the program."

**Amendment 66**

On page 22, between lines 36 and 37, insert "42070. Notwithstanding any other provision of this part, on or after the date on which the agency commences to sell general obligation bonds pursuant to Part 4 (commencing with Section 41800) of this division, the agency shall not insure any loan that is made or assisted pursuant to this division, except that the agency may insure any such loan for which a valid commitment to insure was made prior to such date."

**Amendment 67**

On page 23, line 26, strike out "available revenues of the agency", and insert "revenues of the agency available for the purposes of this part".

**Set No. 2****Amendment 1**

On page 10, line 25, of the printed bill, as amended in Assembly May 8, 1975, strike out "Legislature", and insert "Legislative".

Bill ordered reprinted, and returned to the second reading file.

**ADJOURNMENT**

At 6:22 p.m., Speaker McCarthy declared the Assembly adjourned until 9 a.m., Tuesday, June 24, 1975.

ANABEL FLEURY, Minute Clerk

LEO T. McCARTHY, Speaker



## CALIFORNIA LEGISLATURE

1975-76 FIRST EXTRAORDINARY SESSION

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**ASSEMBLY DAILY JOURNAL**

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SEVENTY-THIRD LEGISLATIVE DAY

ONE HUNDRED TWENTY-EIGHTH CALENDAR DAY

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**IN ASSEMBLY**

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Assembly Chamber, Sacramento

Tuesday, June 24, 1975

The Assembly met at 6:58 p.m.

Hon. Leo T. McCarthy, Speaker of the Assembly, presiding.

Chief Clerk James D. Driscoll at the Desk.

Assistant Clerk Ray Monday reading.

**ROLL CALL**

The roll was called, and the following answered to their names—78:

Alatorre	Collier	Knox	Perino
Antonovich	Craven	Lancaster	Priolo
Arnett	Cullen	Lanterman	Ralph
Badham	Davis	Lewis	Robinson
Bane	Deiddeh	Lockyer	Rosenthal
Bannai	Dixon	MacDonald	Siegler
Berman	Duffy	Maddy	Seroty
Beverly	Egeland	McAlister	Sutt
Boatwright	Fenton	McLennan	Thomas, Vincent
Briggs	Fozan	McVittie	Thomas, William
Brown	Garamendi	Meade	Thurman
Burke	Goggia	Muller	Torres
Calvo	Greene	Mobley	Vasconcellos
Campbell	Gualco	Montoya	Vicencia
Carpenter	Hart	Mori	Warren
Chacon	Hayden	Murphy	Wilson
Chappie	Ingalls	Nestande	Wornum
Chel	Kaploff	Nimmo	Z'berg
Chimbole	Keene	Papan	Mr. Speaker
Clune	Keysor		

Quorum present.

## PRAYER

The following prayer was offered by the Chaplain, Father Leo McAllister:

*We Pray to You, God, Our Father, For all the people who serve this State of California. May those who are elected prove to the public by their deeds and achievements that they are dedicated to serving rather than being served; that they are honest, concerned, and honorable.*

*Keep them mindful of the fact that they are not only makers of laws and policies but also molders of human minds and attitudes.*

*Help them to embrace this responsibility with enthusiasm, humility, and always with abundant care and concern.—AMEN.*

## PLEDGE OF ALLEGIANCE TO THE FLAG

Upon request of Speaker McCarthy, Mr. Chel then led the Assembly in the pledge of allegiance to the Flag.

## MOTION TO DISPENSE WITH READING OF THE JOURNAL

Further reading of the Journal of the previous legislative day was dispensed with on motion of Mr. Calvo, seconded by Mr. Siegler.

## LEAVES OF ABSENCE FOR THE DAY

The following Member was granted leave of absence for the day, because of illness:

Mr. Tucker, on request of Speaker McCarthy.

SENATE BILLS RETURNED TO SECOND READING FILE  
PURSUANT TO THE RULES

Pursuant to the Assembly Rules, the following Senate bill was this day on the second reading file:

**Senate Bill No. 4**, ordered to third reading.

## COMMUNICATIONS

Assembly Chamber, June 24, 1975

Mr. Speaker: Pursuant to your instructions, the Chief Clerk has examined:

**Assembly Bill No. 1**—An act to amend Sections 11552, 11556, 16522, and 53651 of the Government Code, and to add Division 31 (commencing with Section 41000) to, and to repeal Part 8 (commencing with Section 37000) of Division 24 of, the Health and Safety Code, and to repeal Section 8 of Chapter 1222 of the Statutes of 1965, relating to housing, making an appropriation therefor, and providing for the preparation, issuance, and sale of state bonds to create a fund to be used by the California Housing Finance Agency to make loans for financing housing developments, and providing for the submission of the bond measure to the people at a special election to be consolidated with the 1976 general election; And reports the same correctly enrolled, and presented to the Governor at 11 a.m., June 24, 1975.

JAMES D. DRISCOLL, Chief Clerk

## ADJOURNMENT

At 6:59 p.m., Speaker McCarthy declared the Assembly adjourned until 9 a.m., Wednesday, June 25, 1975.

LEO T. McCARTHY, Speaker

ANABEL FLEURY, Minute Clerk

## CALIFORNIA LEGISLATURE

1975-76 FIRST EXTRAORDINARY SESSION

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**ASSEMBLY DAILY JOURNAL**

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SEVENTY-FOURTH LEGISLATIVE DAY  
ONE HUNDRED TWENTY-NINTH CALENDAR DAY

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**IN ASSEMBLY**

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Assembly Chamber, Sacramento  
Wednesday, June 25, 1975

The Assembly met at 6:23 p.m.

Hon. Leo I. McCARTNY, Speaker of the Assembly, presiding.

Chief Clerk James D. Driscoll at the Desk.

Assistant Clerk Kay Monday reading.

**ROLL CALL**

The roll was called, and the following answered to their names—78:

Alatorre	Collier	Knox	Perino
Antonovich	Craven	Lancaster	Priolo
Arnett	Cullen	Lanterman	Ralph
Badham	Davis	Lewis	Robinson
Bane	Deddeb	Lockyer	Rosenthal
Bannai	Dixon	MacDonald	Siegler
Berman	Duffy	Maddy	Sieroty
Beverly	Egeland	McAlister	Suitt
Boatwright	Fenton	McLennan	Thomas, Vincent
Briggs	Foran	McVittie	Thomas, William
Brown	Garamendi	Meade	Thurman
Burke	Goggin	Miller	Torres
Calvo	Greene	Mobley	Vasconcellos
Campbell	Gualco	Montoya	Vicencia
Carpenter	Hart	Mori	Warren
Chacon	Hayden	Murphy	Wilson
Chappie	Ingalls	Nestande	Wornum
Chel	Kapiloff	Nimmo	Z'berg
Chimbole	Keene	Papan	Mr. Speaker
Clina	Keysor		

Quorum present.

**PRAYER**

The following prayer was offered by the Chaplain, Father Leo McAllister:

*Father*, May we reflect on the words of the late Dag Hammarskjold, "How am I to find the strength to live as a free man, detached from all that was unjust in my past and all that is petty in my present, and so, daily, to forgive myself?"

"Life will judge me by the measure of the love I myself am capable of, and with patience according to the measure of my honesty in attempting to meet its demands, and with an equity before which the feeble explanations and excuses of self-importance carry no weight whatsoever."—**AMEN**.

**PLEDGE OF ALLEGIANCE TO THE FLAG**

Upon request of Speaker McCarthy, Mr. Nimmo then led the Assembly in the pledge of allegiance to the Flag.

**READING OF THE JOURNAL DISPENSED WITH**

By unanimous consent, reading of the Journal of the previous legislative day was dispensed with.

**LEAVES OF ABSENCE FOR THE DAY**

The following Member was granted leave of absence for the day, because of illness:

Mr. Tucker, on request of Speaker McCarthy.

**ADJOURNMENT**

At 6:24 p.m., Speaker McCarthy declared the Assembly adjourned until 9 a.m., Thursday, June 26, 1975.

LEO T. McCARTHY, Speaker

ANABEL FLEURY, Minute Clerk



## CALIFORNIA LEGISLATURE

1975-76 FIRST EXTRAORDINARY SESSION

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**ASSEMBLY DAILY JOURNAL**

SEVENTY-FIFTH LEGISLATIVE DAY  
ONE HUNDRED THIRTIETH CALENDAR DAY

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**IN ASSEMBLY**


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Assembly Chamber, Sacramento  
Thursday, June 26, 1975

The Assembly met at 6:11 p.m.

Hon. Leo T. McCarthy, Speaker of the Assembly, presiding.

Chief Clerk James D. Driscoll at the Desk.

Assistant Clerk Ray Monday reading.

**ROLL CALL**

The roll was called, and the following answered to their names—79:

Alatorre	Collier	Knox	Priolo
Antonovich	Craven	Lancaster	Ralph
Arnett	Cullen	Lanterman	Robinson
Badham	Davis	Lewis	Rosenthal
Bane	Deddeh	Lockyer	Siegler
Bannai	Dixon	MacDonald	Sieroty
Berman	Duffy	Maddy	Suitt
Beverly	Egeland	McAlister	Thomas, Vincent
Boatwright	Fenton	McLennan	Thomas, William
Briggs	Foran	McVittie	Thurman
Brown	Garamendi	Meade	Torres
Burke	Goggin	Miller	Tucker
Calvo	Greene	Mobley	Vasconcellos
Campbell	Gualco	Montoya	Vicencia
Carpenter	Hart	Mori	Warren
Chacon	Hayden	Murphy	Wilson
Chappie	Ingalls	Nestande	Wornum
Chel	Kapiloff	Nimmo	Z'berg
Chimbole	Keene	Papan	Mr Speaker
Cline	Keysor	Perino	

Quorum present.

**PRAYER**

Upon invitation of Speaker McCarthy, the following prayer was offered by Rev. Robert Romeis, St. John's Lutheran Church:

*Eternal God and Heavenly Father, Who dost hold in the hollow of Thy hand the destiny of each and every one of us; we give Thee thanks that Thou hast protected us through the night from all danger and harm, and that Thou hast set before us this bright new day, without blot or stain upon it. Grant us so to live these coming hours that when at evening we offer to Thee the record of this day it may not be soiled with selfish interest, narrow prejudice, or inadequate vision; but may rather be engraved with words and deeds of honor, courage, faithfulness and self-giving service; through Jesus Christ, Thy Son, our Lord.—AMEN.*

**PLEDGE OF ALLEGIANCE TO THE FLAG**

Upon request of Speaker McCarthy, Mr. Deddeh then led the Assembly in the pledge of allegiance to the Flag.

**MOTION TO DISPENSE WITH READING OF THE JOURNAL**

Further reading of the Journal of the previous legislative day was dispensed with on motion of Mr. Calvo, seconded by Mr. MacDonald.

**MESSAGES FROM THE SENATE**

Senate Chamber, June 26, 1975

Mr. Speaker: I am directed to inform your honorable body that the Senate on this day adopted:

Senate Concurrent Resolution No. 2

DARRYL R. WHITE, Secretary of the Senate  
By John W. Rovane, Chief Assistant Secretary

**FIRST READING AND REFERENCE OF SENATE BILLS**

The following resolution was read:

**Senate Concurrent Resolution No. 2**—Relative to recess of the Legislature.

**ADJOURNMENT**

At 6:12 p.m., Speaker McCarthy declared the Assembly adjourned until 8:30 a.m., Friday, June 27, 1975.

LEO T. McCARTHY, Speaker

ANABEL FLEURY, Minute Clerk

## CALIFORNIA LEGISLATURE

1975-76 FIRST EXTRAORDINARY SESSION

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**ASSEMBLY DAILY JOURNAL**

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SEVENTY-SIXTH LEGISLATIVE DAY  
ONE HUNDRED THIRTY-FIRST CALENDAR DAY

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**IN ASSEMBLY**

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Assembly Chamber, Sacramento  
Friday, June 27, 1975

The Assembly met at 9:56 a.m.

Hon. Louis J. Papan, Speaker pro Tempore of the Assembly, presiding.

Chief Clerk James D. Driscoll at the Desk.

Assistant Clerk Ray Monday reading.

**ROLL CALL**

The roll was called, and the following answered to their names—78:

Alatorre	Craven	Lancaster	Priolo
Antonovich	Cullen	Lanterman	Ralph
Arnett	Davis	Lewis	Robinson
Badham	Deddeh	Lockyer	Rosenthal
Bane	Dixon	MacDonald	Siegler
Bannaai	Duffy	Maddy	Sieroty
Berman	Egeland	McAlister	Sutt
Beverly	Fenton	McLennan	Thomas, Vincent
Boatwright	Foran	McVittie	Thomas William
Briggs	Garamendi	Meade	Thurman
Brown	Goggin	Miller	Torres
Burke	Greene	Mobley	Tucker
Calvo	Gualco	Montoya	Vasconcellos
Campbell	Hart	Mori	Vicencia
Carpenter	Hayden	Murphy	Warren
Chacon	Ingalls	Nestande	Wilson
Chappie	Kapiloff	Nimmo	Worum
Chel	Keene	Papan	Z'berg
Chimbole	Keyser	Perino	Mr Speaker
Cline	Knor		

Quorum present.

## PRAYER

Upon invitation of Speaker pro Tempore Papan, the following prayer was offered by Reverend Dr. Robert S. Romeis, St. John's Lutheran Church:

*Almighty and Everlasting God, Give us the insight to see that budgets and figures and dollar signs are more than ink upon paper and numbers that come out to neat balances. Make us look beyond the obvious and see the millions of people who are affected, the programs that are advanced or reduced, the services given, and the hope promised. Grant that the budget approved by this body may not only speak in terms of money, but may shout to the world that this state government is one that is truly of the people, by the people, and for the people.—AMEN.*

## PLEDGE OF ALLEGIANCE TO THE FLAG

Upon request of Speaker pro Tempore Papan, Mr. Burke then led the Assembly in the pledge of allegiance to the Flag.

## MOTION TO DISPENSE WITH READING OF THE JOURNAL

Further reading of the Journal of the previous legislative day was dispensed with on motion of Mr. Siegler, seconded by Mr. William Thomas.

## LEAVES OF ABSENCE FOR THE DAY

The following Member was excused for the day, and his per diem was waived:

Mr. Collier.

## CONSIDERATION OF DAILY FILE (RESUMED)

## THIRD READING OF SENATE BILLS (RESUMED)

**Senate Bill No. 4**—An act to add Part 5 (commencing with Section 42000) to Division 31 of the Health and Safety Code, relating to housing, and making an appropriation therefor.

Bill read third time, and presented by Mr. Maddy.

Bill passed by the following vote:

## AYES—71

Alatorre	Craven	Lancaster	Priolo
Antonovich	Cullen	Lanterman	Robinson
Arnett	Davis	Lewis	Rosenthal
Bane	Deddeh	Lockyer	Siegler
Bannai	Duffy	MacDonald	Sieroty
Berman	Egeland	Maddy	Sutt
Beverly	Fenton	McAlister	Thomas, Vincent
Boatwright	Foran	McLennan	Thomas, William
Briggs	Goggin	McVittie	Thurman
Burke	Greene	Miller	Torres
Calvo	Gualco	Mobley	Vasconcellos
Campbell	Hart	Montoya	Vicencia
Carpenter	Hayden	Mori	Warren
Chacon	Ingalls	Murphy	Wilson
Chappie	Kaploff	Nestande	Wornum
Chel	Keene	Nimmo	Z'berg
Chimbole	Keysor	Papan	Mr. Speaker
Clme	Knox	Perino	

## NOES—None

Bill ordered transmitted to the Senate.

**RECESS**

At 9:57 a.m., Speaker pro Tempore Papan declared the Assembly recessed.

**REASSEMBLED**

At 12:02 p.m., the Assembly reconvened.

Hon. Leo T. McCarthy, Speaker of the Assembly, presiding.

**INTRODUCTION, FIRST READING, AND REFERENCE OF ASSEMBLY BILLS**

The following resolution was offered, and ordered held at the Desk:

**Assembly Concurrent Resolution No. 1:** By Assemblyman Ralph—Relative to adjournment of the 1975-76 First Extraordinary Session.

**REQUEST FOR UNANIMOUS CONSENT TO TAKE UP ASSEMBLY CONCURRENT RESOLUTION NO. 1**

Mr. Ralph was granted unanimous consent to take up Assembly Concurrent Resolution No. 1 without reference to committee, print, or file, and that the same be considered engrossed.

**Consideration of Assembly Concurrent Resolution No. 1**

**Assembly Concurrent Resolution No. 1**—Relative to adjournment of the 1975-76 First Extraordinary Session.

Resolution read, and adopted by the following vote:

**AYES—65**

Alatorre	Davis	Knox	Perino
Badham	Deddeh	Lanterman	Ralph
Bane	Dixon	Lewis	Rosenthal
Bannai	Duffy	Lockyer	Siegler
Berman	Egeland	MacDonald	Sieroty
Beverly	Fenton	Maddy	Suitt
Boatwright	Foran	McLennan	Thomas, Vincent
Burke	Goggin	McVittie	Thurman
Calvo	Greene	Meade	Torres
Campbell	Gualco	Miller	Vasconcellos
Carpenter	Hart	Mobley	Vicencia
Chacon	Hayden	Montoya	Warren
Chappie	Ingalls	Murphy	Wilson
Chel	Kapiloff	Nestande	Wornum
Chimbole	Keene	Nunno	Z'berg
Craven	Keysor	Papan	Mr. Speaker

**NOES—1**

Arnett

Resolution ordered transmitted to the Senate.

**MESSAGES FROM THE SENATE**

Senate Chamber, June 27, 1975

Mr. Speaker: I am directed to inform your honorable body that the Senate on this day concurred in Assembly amendments to:

Senate Bill No. 4

**DARRYL R. WHITE**, Secretary of the Senate  
By John W. Rovane, Chief Assistant Secretary

Senate Chamber, June 27, 1975

Mr. Speaker: I am directed to inform your honorable body that the Senate on this day adopted:

Assembly Concurrent Resolution No. 1

DARRYL R. WHITE, Secretary of the Senate  
By John W. Rovane, Chief Assistant Secretary

Above resolution ordered enrolled.

#### REPORTS OF STANDING COMMITTEES

##### Committee on Housing and Community Development

Assembly Chamber, June 27, 1975

Mr. Speaker: Your Committee on Housing and Community Development reports.  
Assembly Bill No. 3

Without action.

CHACON, Chairman

##### Committee on Ways and Means

Assembly Chamber, June 27, 1975

Mr. Speaker. Your Committee on Ways and Means reports:

Assembly Bill No. 2

Assembly Bill No. 7

Assembly Bill No. 6

Assembly Bill No. 8

Without action.

FORAN, Chairman

#### MEASURES HELD AT THE DESK WITHOUT FURTHER ACTION

The following measures were held at the Assembly Desk, without further action:

Assembly Bills Nos. 4 and 5.

Senate Concurrent Resolution No. 2.

#### ADJOURNMENT SINE DIE

At 12:05 p.m., pursuant to the provisions of Assembly Concurrent Resolution No. 1, Speaker McCarthy declared the Assembly adjourned sine die for the 1975-76 First Extraordinary Session of the Legislature.

LEO T. McCARTHY, Speaker

ANABEL FLEURY, Minute Clerk

#### COMMUNICATIONS RECEIVED AFTER ADJOURNMENT SINE DIE

The following communication was received after the 1975-76 First Extraordinary Session had adjourned sine die:

#### COMMUNICATIONS

Assembly Chamber, June 30, 1975

Mr. Speaker: Pursuant to your instructions, the Chief Clerk has examined.

Assembly Concurrent Resolution No. 1—Relative to adjournment of the 1975-76 First Extraordinary Session;

And reports the same correctly enrolled, and presented to the Secretary of State on the 30th day of June, 1975, at 11:30 a.m.

JAMES D. DRISCOLL, Chief Clerk