## CALIFORNIA LEGISLATURE

## 1975-76 FIRST EXTRAORDINARY SESSION

## ASSEMBLY DAllY JOURNAL

First Legislative Day<br>First Calendar Day<br>IN ASSEMBLY

Assembly Chamber, Sacramento Monday, February 17, 1975
At 12 m . the Assembly met pursuant to the provisions of the Proclamatron 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.

## ANNOUNCEMLENTS

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 | Key sor | Perino |
| :---: | :---: | :---: | :---: |
| Antonovich | Cullen | Knox | Priolo |
| Arnett | Davis | Lencaster | Ralph |
| Hadham | Deddeh | Lanter man | Robinson |
| Bane | Dexon | Lew | Rosenthal |
| Bomnai | Duffy | MracDonald | Siegler |
| Berman | Fgeland | Mididy | Sleroty |
| Beverly | Fenton | MeAlister | Suitt |
| Boatwright | Foran | MeCirthy | Thomas, Vincent |
| Brises | Garamendi | MeLemnan | Thomas, William |
| Brown | Gogenn | McFittie | Thuıman |
| Calbo | Greene, Bill | Mende | Torres |
| Campbell | Gigene, Leros 5 . | Miller | Tucker |
| Carpenter | Gualco | Mobley | Vnsconcellos |
| Chncon | Hart | Montosa | $V$ icencia |
| Chapple | Hajden | Murphy | Warren |
| Chel | Ingnlis | Nestande | W'ilson |
| Chambole | Kapiloff | Nimmo | Wornum |
| Chine Coller | Keene | Papan | Z'bers |

Quorum present.

## 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.

## PLRDGE 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 Mamber was excused for the day, and his per diem was waived:
Mr. Lockyer.

## PROCLAMATION OF THE GOVERNOR

The Clisef Clerk directid that the following Proclamation of the Governor convening the Legishature in extramrdinary session be read. Executive Department, State of California

## PROCLAMATION

A growing number of people in Callfornia 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 ageney 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 Califormia 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.

SEAL

EDMUND G BROWN JR. Governor of California<br>attest March fong EU<br>Secretary of State<br>by Mary Ann Miller<br>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 Calfornia. That the following named persons constitute the offecrs of the Assembly for the 197576 First Extraordinary Session :

| Honoruble Leo T. McCarthy _-_----- Speaker |
| :---: |
| Honorable Louss J. Papan _-_-.---.-- Speaker pro Temp |
| James D Driscoll _-_-_-_-_-.-...-_Chief Clerk |
|  |
|  |

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

| AYES |  |  |  |
| :---: | :---: | :---: | :---: |
| Antonovich | Deddeh | Lancaster | Robinson |
| Arnett | Dixon | Lanterman | Rosenthal |
| Badham | Duffy | MacDonald | Siegler |
| Bane | Egeland | Maddy | Sieroty |
| Bannai | Fenton | McAlister | Sustt |
| Berman | Foran | McIemnan | Thomas, Vincent |
| Bererly | Garamends | McVitue | Thoman, Willsam |
| Boatwright | Goggin | Miller | Thuman |
| Briges | Greene. Mill | Mohley | Tursex |
| Calvo | Gieene, Leroy F. | Montosa | Yasconcellos |
| Campbell | Gualco | Murphe | Vicencia |
| Carpenter | Harl | Nestande | Whtren |
| Chappie | Ingalls | Nimmo | Wulson |
| Chel | Kapuloff | I'apan | Wornum |
| Cbumbole | Keene | Petuo | Z'herg |
| Cline | Кеуsor | Piolo | M1. Speaker |
| Dayis | Knox | Ralpb |  |

Whereupon, the Chief Clerk announced the vote of the Assembly and declared the following as the chonee of the Assembly for Officers for the 1975-76 First Extraordınary Session. Hon Leo T McC'arth, Sperker, Hon Lous J Papan, Speaker pro Tempore, James D Driscoll, Chief Clerk, Tony Beard, Sergeant at Arms, and Father Leo MrAllister, Chaplain.

## OATHS OF OFFICE ADMINISTERED

Hon Leo T MeCarthy, Speaker-elect, Iton Lous J Papan, Speaker pro Tempore-elect; James D. Driseoll, Chef Clerk-elect, Tony Beard, Sergeant at Arms-elect, and Father Leeo McAllister, Chaplain-elect, appeared at the bar of the Assembly and took and subscribed to the following oath, admmistered 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 Callforitia against all enemes, foremgn und domestic; that I will bear true faith and allegrance to the Constrtution of the linted States and the Constitution of California; that I take this oblgation freely, without any mental reservation or purpose of evasion, and that I will well and faithfully diseharge 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 Caleforma, That the Permanent Stunding Rules of the Assembl, 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 |  |  |  |
| :---: | :---: | :---: | :---: |
| Alatolite | Davis | Lancaster | Ralph |
| Antonorich | Deddeb | Lanterman | Robinen |
| Arnett | Dixon | Lewis | Rocenthal |
| Badham | Duffy | MnecDonald | Siegler |
| Bane | Egeland | Mindly | Sjeiots |
| Bamma | Fenton | MeAlinter | Suitt |
| Berman | Furan | Mrlennan | Thomus, Vincent |
| Ber erls | Gaiameridt | McVattie | Thumas Willam |
| Briggs | Gogitin | Miller | Thurnmin |
| Calvo | Greethe. 13ill | Mobley | Toires |
| Camplell | Greene, गuesos $\mathbf{F}$ | Montosn | 'Tucker |
| Cappenter | Gualco | Muphy | Vurencia |
| Chappre | Hant | Nentande | Warren |
| Chel | Iugatls | Nimimo | Wilmon |
| Chimbole | Kaprioff | P'apun | Wornum |
| Clime | Kerue | Penslo | Z'lorg |
| Cinsen | Kes not | Finolo | M ${ }^{\text {Speakes }}$ |
| Cullen | Knex |  |  |

NOES-Nont.

## APPOIN TMENT OF COMMITTEES

Spenker MrCarthy was granted unammous consent that the follouing conmattes be appointed for the 1975-76 First Extrandmary Session, with the edme membership and charmen as for the 1975-76 Regnlar Sersion.

Housing and Community Development-Chacon (Chdirman). Robinson (Viec ('harman), Brown, Campbell, Carpenter, Cullen, Goggm, Gualco, Maddy, Nutande, Siegler, Wilham Thomis, and Vasmencellos.

Revenue and Taxation-Boatwright (Chamman), MeVittie (Viee Chairman), Alatorre, Banai, Calvo, Chel, Cline, Deddeh, Kaploft, Lewis, Lockyer, Muphy, and Robinson.

Rules－Ralph（Charman），Mobley（Vice Chairnan），Burke，Chap－ pie，Davis，MucDonald，and Montoya．

Ways and Means－Form（Charmun），Lanterman（Vice Chairman）． Berman，Boatwrıght，Burke，Chacon，Chappie，Davis，Duffy，Bill Greene，Lewis，MacDonald，McAlıster，Mdddy，Mıller，Papan，Sieroty， Warren，and Z＇berg．

## RESOLUTIONS

The following resolution was offered－
By Assemblyman Berman：

## House Resolution No． 3

Relative to organmation of the Assembly for the 1975－76 Furst Extraordinary Session
Resolved by the Assembly of the State of Califorma，（1）That the Chief Clerk or the Sergeant at Arms be and they are hereby author－ ized to receupt to the Controller for all warrants for the payment of Members，Offiecers and Attachés of the Assembly
（2）That the Chief Clerk is authorized to tecerpt from the Members of the Assmbly，a maling list of Histories，to be directed to hburres， chambers of commerce．and otlier public centers，and to indiveduals for general mspection This list is to be limited to ten（10）names each， and shatl be forwarded to the leeposative Bull Room for regular mall－ ing No member shall include on the list any state department or em－ ployee thereof exeppt state colleges and unversitics The Chiff c＇lerk is further authorized to place aceredited newsperper representatives on the regular malmg list as well as the Attorncy General，the offiee of the Lefgislative Counsel，and the Governor＇s Office

## Request for Unanimous Consent

Mr Berman was granted mimmons＂omsent to take up Homse Reso－ lution No 3 without reference to commattee or file
Resolution read，and adopted by the following vote（AYES－70； NOES－NODE）：

| AYES |  |  |  |
| :---: | :---: | :---: | :---: |
| Alntoile | Cinven | Kロッ | Primo |
| Antomos ich | Cullon | Kins | 1＇into |
| Alnett | 1 ma | Latucastar | Ralph |
| M．alham | Indileh | Lanteramin | Rabinavin |
| Bume | 1） | Lems | Romenthal |
| 13．1mbal | Duffy | Min Domath | Sugher |
| Berman | Egeland | M．tids | Sletot |
| 13＋1利13 | Finton | Mretister | Suti |
| Buatw rught | For．in | M，latmin | Thumas，Vimpat |
| B1）gr－ | Catamenh | Mevithe | Thomin Willam |
| Jıown | Gongm | Millar | Tombe |
| calso | Gicmere Bill | Mowhes |  |
| Campleell |  | Mantaia | Whatm |
| Crapmer | （timako | Мแй | Whlunt |
| （＇intpure | ILat | Nimimude | Wonlum |
| Che］ | Ingall | Nimmo | Z hetr |
| Clumhole | Kipulaf | L＇aphin | Mr Smaker |
| Cline | krone N | －None． |  |

## 

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 OT BENATE BELLS

The following resolution was read:
Senate Concurrent Resolution \$o. 1-Relative to the Jomt Rules of the Senate and Assembly.

## REQUEST FOR UNANIMOUS OOXSEATT TO TAKE DP SENATE CONCURRENT RREOLUTIOA ENO. 1

Mr. Ralph was granted unammous 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 Jome Rules of the Senate and Assembly

Resolution redd, presented by Mr. Ralph, and adopted by the following vote (AYES-72; NOES-NOne):

| AY |  |  |  |
| :---: | :---: | :---: | :---: |
| Alator re | Ciaren | Kencor | Prumo |
| Antonosich | Cullen | Knox | Raiph |
| Annett | Jhas | Lamcaster | Reolmincon |
| Radham | Derdele | Lamtermin | Roweultat |
| lane | Dison | Lewis | Siegler |
| 13amat | Duffy | Macllonted | Sierots |
| Relman | Weland | Mathy | Sult |
| Jevelts | Fenton | Medinter | Thomass. Vincent |
| Boatwight | Forim | Melamanm | Thums Willam |
| Hrisg | Gaiamend। | 3 c Yittue | Thumban |
| Brown | Gorkin | Miller | Tonien |
| Colso | Gruene, lill | Mowle: | Tukher |
| Campleelt | Gıephr, Latos $\mathbf{F}$ | Moutosa | Vicmena |
| Carpeuter | Gualmo | Mmplat | Warmen |
| Chappe | Hart | Nectande | Wiswin |
| Chel | Ingalla | Nimmo | Wonnum |
| Chumbole | Kipuluff | Irapan | C'hert: |
| Chne | Kicene | Per mo | Mr Spenker |
| NOES-None. |  |  |  |

## RECRSS

At 1224 pm ., Speaker McCartly declared the Assembly recessed untıl 4 p m

## REASSERHBLEID

At 4 pm , the Assembly reconvened
Hon Leo T MeCarthy, Speaker of the Assembly, presiding.

## INTRODUCTION, FIRST READING, AND REFPRENCE OF ASBEMBLY BILIS

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

Assembly Bill No. 1: By Assemblyman Chacon (Senator Zenovich, coanthor)-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.

## RFFERENCE OF BILTS TO COMMITPEE

Pursuant to the Assembly Rules, the following bill was referred to committee Assembly
Bull No
Committee


## ADJOURNMENT

At 5 pm , Speaker MeCarthy deelared the Assembly adjourned until 9 a m, Tuesday, February 18, 1975.

LEO T MeCARTHY, Speaker
ANABEL FLEURY, Minute Clerk

## CALIFORNIA LEGISLATURE

## 1975-76 FIRST EXTRAORDINARY GESSION

## ASSEMBLY DAlLY JOURNAL <br> Second Legislative Day <br> Second Calendar Day <br> IN ASSEMBLY <br> Assembly Chamber, Sacramento <br> Tuesday, February 18, 1975 <br> The Assembly met at 10.05 a m. <br> Hon. Lonns J Papan, Speaker pro Tempore of the Assembly, presiding <br> Chief Clerk James D Driscoll at the Desk. <br> Assistant Clerk Ray Monday reading

## ROLL CALL

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

| Antonovich | Colher | Knos | L'riolo |
| :---: | :---: | :---: | :---: |
| Arnett | Crnven | Lamenatar | Ruluh |
| Barlhnm | Cullen | Santerman | Relinsim |
| Bane | Lavis | Lerhat | Rumeatial |
| Batuai | Dedich | Mat monald | Sipgler |
| Berman | Dixom | Mands | Siprots |
| Reverly | 1)uff | McAlinter | Thumam. Vincent |
| Roatwight | Pupland | McVitie | Thomias, Willam |
| Brigg | Fenton | Mirade | 'Thus mant |
| Brown | Foran | Minler | Tomes |
| Buke | Grembe, Letns fir | Mobles | Tuchit |
| Calso | Gualeo | Montosa | Yabeoncellos |
| Cumphell | Hart | Munbs | Warrit |
| Cuppenter | Hasilen | Nestande | Wilum |
| Cbrem | Ingals | Nimmo | Wernum |
| Chnppie | Kapaloft | 1'врй! | Z'herg |
| Chel | Krelte | I'eriln | M Stpeaker |
| Cline | Kpy mir |  |  |

Quorum present

## REGULAR BUSINESS DISPENSED WITH

By unanimons consent, the regular order of business of the Assembly was dispensed with for this legrslative 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 nbsence 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 reqnest of Speaker pro Tempore Papan.
The following Member was granted leave of absence for the day, on personal business, and desured 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 fumily.

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 Messra Lewis, Chimbole, Gorgin, 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 1008 a m, Speaker pro Tempore Papan declared the Assembly recessed until 2.56 p.m.

## REASSEMBLED

At 2.56 pm , the Assembly reconrened
Hon. Louis $\dot{J}$ Papan, Speaker pro Tempore of the Assembly, presiding.

## INTRODUCTION, FIRAT 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 Assenblyman Bamat-An act to add Part 14 (commeneing with Section 37965) to Divisou 24 of the ILedth and Safety Code, relating to housing, and makng an appropriation therefor

REFPRENCE OF BILLS TO COMMLITEE
Pursuant to the Assembly Rules, the following bill was ruferred to committee:
Assembly
Bill No
Committee
2
Housing and Community Development

## ADJOURNMENT

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

LEO T McCARTHY, Speaker
ANABEL FLEURY, Mnute Clerk

## CALIFORNIA LEGISLATURE

1975-76 FIRST EXTRAORDINARY SESSION

## ASSEMBLY DAlLY JOURNAL

## Third Legislative Day <br> Third Oalendar Day

## IN ASSEMBLY

Assembly Chamber, Sacramento
Wednesday, February 19, 1975
The Assembly met at 10.50 a m
Hon Lous J. Papan, Speaker pro Tempore of the Assembly, presiding.

Chef 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 | Kersor | Raly ${ }_{\text {L }}$ |
| :---: | :---: | :---: | :---: |
| Arnett | Crasen | Knox | Robinson |
| Bndham | Cullen | Lancaster | Rosenthal |
| Bane | Disis | Lanterman | Stester |
| Bunnai | Derldeh | Lewis | Sieroty |
| Berman | Divon | Lockier | Sult |
| Beraply | Duffy | Mhicbenald | Thomas, Vincent |
| Boaturight | Egeland | Mudil | Thomas, Wilham |
| 13140s | Fenton | McAlinter | Thumman |
| Brown | Foian | Mefarman | Torres |
| Ruske | Garamendı | MeV'tue | Tucker |
| Calso | Gongin | Meale | Vasconcellos |
| Camphell | Greme, Leros F | Mohley | Viepnein |
| Carpenter | Gualco | Montes a | Warren |
| Clineon | Hart | Muphy | Wikon |
| Chappre | Hayden | Nestaude | Worinm |
| Chel | Ingally | I'apan | Z'berg |
| Clambiole | Kapmoti | Peimo | Mr. Spenker |
| Clıue | Keene | Priolo |  |

Quorum present.

## REGULAR BUSINESS DISPENSED WITH

By unammous consent, the regular order of busness of the Assembly was diepensed with for this lerislative 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 wave 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 waved:

Mr. Bill Greene.

## RECESS

At 1052 a m, Speaker pro Tempore Papan declared the Assembly recessed until 2:45 pm.

## REAGSEMBLED

At 2.45 pm ., the Assembly reconvened.
Hon. Lous J. Papan, Speaker pro Tempore of the Assembly, presiding

## ADJOURNMENT

At 246 pm , Speaker pro Tempore Papan declared the Assembly adjourned until 130 pm , Thursday, February 20, 1975.

## LEO T. McCARTHY, Speaker

ANABEL FLEURY, Minute Clerk

## CALIFORNIA LEGISLATURE

## 1975-76 FIRST EXTRAORDINARY SESSION

## ASSEMBIY DAIIY JOURNAL

Fourth Legislative Day<br>Fourth Calendar Day<br>IN ASSEMBLT

Assembly Chamber, Sacramento
Thursday, February 20, 1975
The Assembly met at 4.20 p m.
Hon. Leo T. MeCarthy, 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 | Lockjer | Sipgler |
| Banna | Dixon | MacDonald | Sieroty |
| Berman | Dufy | Maddy | Sutt |
| Beverly | Egeland | MeAlister | Thomas, Vincent |
| Boatwright | Fenton | MeLemnan | Thomas, William |
| Briggs | Foran | McVittre | Thueman |
| Brown | Garamendi | Meade | Torres |
| Burke | Gogern | Miller | Tucker |
| Calvo | Greene. Bill | Mobley | Vasconcellos |
| Camphell | Greene, Leros F | Montoy | $V_{1}$ cencia |
| Carpenter | Gualco | Murpby | Warren |
| Chacon | Hart | Nextande | Walson |
| Chappie | Hasclen | Nımmo | Wornum |
| Chel | Ingalle | Papan | Z'berg |
| Chimbole | 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 miverse, the ruge of other men, all the forces that would destroy him,
And say. I am free I am unique, I am immortal and nothing can erush me. I hye. But that takes faith''-AMEN.

## PLEDGE OF ALLEGIANCE TO THE FLAG

Upon request of Speaker pro Tempore Papan, Mr Garamendithen led the Assembly in the pledge of alleglance to the Flag.

## MOTION TO DISPENSE WITH READING OF THE JOURNAL

Further reading of the Journal of the previous legislitive 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 MeCarthy.

## REPORTS OF STANDING COMMITTEES Committee on Housing and Community Development

Assembly Clamber, 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 recommendetion Amend, and rerefer to the Committee on Housing and Community Development

CHACON, Chairman

## SECOND READING OP BILLS-AUTHOR'S AMENDMENTS

Assembly Bill No. 2-An act to add Part 14 (commencing with Section 37965) to Division 24 of the Healtl and Safety Code, relating to housing, and making an .,pproprsation 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 Extrandinary Session of the Legislature".

## Amendment No. 2

On page 3, line 26, after "Legtslature', insert "or during the 1975 First Extriordiniry Sescion of the Legislature'.

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

## ADJOURNMENT

At 421 pm , Speaker MeCarthy declared the Assembly adjourned until 9.30 a m., Monday, February 24, 1975.

LEO T. McCARTHY, Speaker

## CALIFORNIA LEGISLATURE

## 1975-76 FIRST EXTRAORDINARY SESSION

## ASSEMBLY DAILY JOURNAL

Fifth Legislative Day
Eighth Oalendar Day

IN AgSEMBLY

Assembly Chamber. Sacramento Monday, February 24, 1975

The Assembly met at $11 \cdot 14$ a m
Hon Leo T Mrecrirthy. Spraker of the Assembly, presidug.
Chief Clerk James D Drincoll at the Desk.
Assistant Clerk Ray Monday reading.

## ROLL CALL

The roll was called, and the following answered to their names- $7 \overline{5}$ :

| Antonovich | Craven | Lancoster | Ralph |
| :---: | :---: | :---: | :---: |
| Arnett | Cullen | lanterman | Robinson |
| Jailhato | Dat 1\% | Lewis | Rosential |
| Bunuas | Dedhleli | Jackjer | Siegur |
| Berman | Invor | MncLomald | Stepots |
| 13everly | $1)^{10}$ | Mards | Suitt |
| Bontwright | İgrland | MeAlinter | Thonuns, Vincent |
| 13righe | I'enton | M.Jatunan | Thomas, Willamm |
| Brown | Garampndi | Mevittie | Thusmun |
| Howke | Gogrin | Mrate | FIurles |
| Calso | Gruent. 131] | Miler | 7'ucher |
| Compluell | Grweme Jeros $F$ | Moliles | Yusconcellas |
| Carpenter | Gualeo | Mantisa | Vicencra |
| Chacon | Hart | Murphes | Warren |
| Chatrie | Has den | Nentande | W1]mon |
| (hel) | Ingalla | Nımuo | Wornum |
| Chambole | Kepre | Papan | Z'lerg |
| Chue | Kernor | Prino | Mi sineaker |
| Colliel | Kinox | Priola |  |

Quorum present.

## PRAYER

The following prayer was offered by the Chaplain, Fetther Leo MeAllister -

Lord. In these days of criturnm we look for a little eonsolation You know our wenknesses and our need-

Do not let the fean of fulure or eriticism dampen our engerness to accomplish Encourage our members to avoid wating for the perfect bill with whill no one tan find fault.

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

## PLBDGE OF ALLEGIANCR TO THE FLAG

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

## MOTION TO DISPENSJE WITH READING OF THE JOURNAL

Further reading of the Journal of the prevous 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., Sperker McCarthy declared the Assembly adjourned until 9 a.m, Tuesday, February 25, 1975.

LEO T. McCARTIIY, Speaker
ANABEL FLEURY, Minute Clert

## CALIFORNIA LEGISLATURE

## 1975-76 FIRST EXTRAORDINARY SESSION

## ASSEMBLY DAlLY JOURNAL

## Bixth Legislative Day <br> 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. Driseoll at the Desk.
Assistant Clerk Ray Monday reading.
ROLL CALL
The roll was called, and the following answered to their names-76:

| Alatorre | Colluer | Knox | Pricio |
| :---: | :---: | :---: | :---: |
| Antonowich | Craven | Lameaster | Ralph |
| Arnett | Crilen | Lantermas | Robinson |
| Badham | Dris | Lewis | Rusenthal |
| Bannar | Derideh | Lockser | Stegler |
| Berman | Dixon | Macbumald | Sieroty |
| Beverly | Duffy | Madly | Suitt |
| Hoatyrught | Ekeland | McAlister | Thomns, Vincent |
| Ratgre | Fenton | McLenman | Thomas, Willam |
| Broma | Garamendi | MeVittie | Tharman |
| Buke | Giogkin | Mrade | Torres |
| Crino | Greelle, Rill | Miller | Tucker |
| Ctmpbelt | Greenm, Leroz F. | Sobley | Vasconcellos |
| Criplenter | Gunleo | Minntosa | Viceneia |
| Chacon | Hurt | Murphy | Warren |
| Chapple | Hapden | Nestande | Wulson |
| Chel | Inkalis | Nimmo | Wornum |
| Chambule | Kerne | I'pun | Z'bers |
| Chase | Kes sor | Periuo | Mr. Speaker |

Quorum present.

## REGULAR BUSINESS DISPFNSED WITH

By unanimous consent, the regular order of business of the Assembly was diヶpensed 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 reguest of Acting Speaker Badham.
The following Member was granted leave of absence for the day, on legrslative business:
Mr. Foran, on request of Acting Speuker Badham.
The following Menber was excused for the day, and his per diem was waived:
Mr. Bane.
NOTE F For letter explaining the absence of Mr Foran on this day on legislative buciness pursiuant to the Assembly Rules, see Assembly Daly Journal for the regular sestion for February 24,1975 , page 1241.

## RECESS

At 1052 a m, Acting Speaker Badham declared the Assembly recessed untıl 2 :45 p.m.

## MEASSEMBLED

At $245 \mathrm{p} . \mathrm{m}$, the Assembly reconvened.
Hon. Robert E Badham, Member of the Assembly, 74th District, presiding.

## ADJOURNMENT

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

LEO T MCCARTHY, Speaker
LAURICE DOMINGO, Acting Minute Clerk

## CALIFORNIA LEGISLATURE

## 1975-76 FIRST EXTRAORDINARY SESSION

## ASSEMBLY DAlLY JOURNAL

# Seventh Legislative Day <br> Tenth Calendar Day <br> IN ABSEMBLY 

Assembly Chamber, Sncramento
Wednesday. February 26, 1975
The Assembly met at 1003 a m .
Hon Lous J Papan, Speaker pro Tempore of the Assembly, presiding

Chef Clerk James D Driseoll at the Desk
Assistant Clerk Ray Monday reading.

## ROLL CALL

The roll was ealled, and the following answered to ther names-73

| Alatorre | Cissen | Ianenter | Raluh |
| :---: | :---: | :---: | :---: |
| Antonovich | Cullen | Jantuman | Rolunson |
| Alneti | Ta゙ィ | Lewis | Romenthal |
| Irane | 1)atilela | Somkrer | Siegrer |
| Bamani | Ilvon | MacI monnld | Stel ofy |
| 1remmin | 1) Hfl | Maldy | Sintt |
| Reverls | Difelami | Miciliater | Thoma Vimeent |
| Ihesteright | Fentan | Me-Iuman | Thomas Wiliam |
| J1ngis | Catamend | Mevittie | ${ }^{\text {r }}$ 'lourman |
| Liomil | (i)grim | Meride | Tonres |
| Sulue | G1*ent. Lepros $\mathbf{F}$ | Mobles | Tucher |
| ('alvo | Giunleo | Mantoya | Vinconcellos |
| Camplell | Hist | Dlupilig | Ficencia |
| ('injputer | Hasilcn | Nestamie | Warien |
| Chacon | Ingulls | Nimmo | Wham |
| Chapume | Kerne | 13apman | Wonnum |
| (hel | Kestor | Ferma | Z'lierg |
| Chimbole <br> Clune | Knos | l'inolo | Mt Speaker |

Quorum present.

## REGULAR BUSINESS DISPENSED WITH

By unamimous consent, the recrular order of busmes of the Assembly was dispensed with fur this legislative day.

## LEAVES OF ABSENOE 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 wáive 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. $\qquad$ $-$

NOTE: For letter explaning 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.

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

REOESS
At 10:04 a m., Spenker pro Tempore. Papan declared the Assembly recessed until 2.45 p.m.

## REASSEMBLED

At $2: 45 \mathrm{pm}$., the Assembly reconvened
Hon Louis :J Papan, Speakar pro Tempore of the Assembly, presiding.

## ADJOURNMENT

At $2.46 \mathrm{p} . \mathrm{m}$, Speaker pro Tempore Papan declared the Assembly adjourned until 1:30 p.m, Thursday, February 27, 1975

LEO T. MeCARTHY, Speaker
ANABEL FLEURY, Minute Clerk

## CALIFORNIA LEGISLATURE

1975-76 FIRST EXTRAORDINARY SESSION

## $\overline{A S S E M B L Y}$ DAILY JOURNAL

Eighth Legislative Day
Eleventh Calendar Day
In Assembly

Assembly Chamber, Sacramento
Thursday, February 27, 1975
The Assembly met at $3 \cdot 16$ 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 | Рарип |
| :---: | :---: | :---: | :---: |
| Antonovich | Cline | Knox | Perino |
| Arnett | Cullen | Lancaster | Ralph |
| Badham | Davis | Lanterman | Robinson |
| Bane | Deddeh | Lewls | Rosenthal |
| Bannal | Dixon | Lockyer | Stegler |
| Berman | Duffy | MacDonald | Suitt |
| Beverly | Egeland | Maddy | Thomas, Vincent |
| Boatwright | Fenton | Medister | Thomas, Wilham |
| Brigss | Foran | McLennan | Thurman |
| Brown | Garamendi | McViltie | Torres |
| Burke | Goggin | Meade | Tucker |
| Calvo | Greene, Bill | Miller | Vasconcellos |
| Campell | Greene, Leroy F. | Mobley | Vicencia |
| Curpenter | Gualco | Montoye | Wilson |
| Chacon | Hart | Murphy | Wornum |
| Chapple | 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 mitate every action with the greatest of care. Help us not only to speak the truth but also give us the abslity to endure the truth.-AMEN.

## PLEDGE OF ALLEGIANGE TO THE FLAG

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

## MOTION TO DISPENSIE 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 Brıggs.

## 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 MeCarthy.
Mr. Sieroty, on request of Speaker MoCarthy,
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.
NOTE : For letters explaining the absences of Messers Keene, Proolo, Sieroty, and Warren on this day on legislative business pursuant to the Assembly Rules, see Assembly Dally 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. MeCARTHY, Speaker

ANABEL FLEURY, Minute Clerk

## CALIFORNIA LEGISLATURE

## 1975-76 FIRST EXTRAORDINARY SESSION

## ASSEMBLY DAILY JOURNAL

## Ninth Legislative Day <br> Fifteenth Calendar Day

## IN ASSEMBLIT

Assembly Chamber, Sacramento Monday, March 3, 1975
The Assembly met at 10.55 am .
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-76:

| Alatorre | Cline | Keysor | Perino |
| :---: | :---: | :---: | :---: |
| Antonovich | Craven | Knox | Priolo |
| Arnett | Cullen | Lancaster | Ralph |
| Badham | Davis | Lanterman | Robsnson |
| Bane | Deddeh | Lewis | Rosenthal |
| Bannai | Dixon | Locks er | Siegler |
| Berman | Dufty | MaeDopald | Sieroty |
| Beverly | Egeland | Maddy | Thomas, Vincent |
| Boatwright | Fenton | McAlister | Thomas, Whllam |
| Binggs | Foran | MicLennan | Thurman |
| Brown | Garamendi | McVittre | Torres |
| Buake | Gogmin | Meade | Tucker |
| Calvo | Greene, Bill | Miller | Vasconcellos |
| Campbell | Greene, Leroy F. | Mobley | Vicencia |
| Caipenter | Gualco | Montoya | Warren |
| Chacol | Hart | Murply | Wılson |
| Chappie | Hayden | Nestande | Wornum |
| Chel | Ingalls | Nummo | Z'berg |
| Chimbole | Keene | Papan | Mr. Speaker |

Quorum present.

## REGULAR BUSTNESS DISPENSED WITH

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

## LEAVES OF ABSENTOE 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 famly :

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

## REOESS

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

## REASGEMBLED

At $2: 45 \mathrm{pm}$., 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, Speqker
ANABEL FLEURY, Minute Clerk

## CALIFORNIA LEGISLATURE

## 1975-76 FIRST EXTRAORDINARY SESSION

## ASSEMBIY DAIIY JOURNAL

Tenth Legislative Day<br>Sixteenth Calendar Day

## IIN ASSEMBLY

Assembly Chamber, Sacramento
The Assembly met at 10.24 a.m.
Hon Louis J Papan, Speaker pro Tempore of the Assembly, presid-
ing
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 | Raiph |
| Arnett | Cullen | Lanterman | Robinson |
| Bane | Davis | Lewres | Rosenthal |
| Bannai | Deddeh | Lockyer | Siegler |
| Berman | Dixon | MacDoneld | Sieroty |
| Bererty | Dufty | Maddy | Thomas, Vincent |
| Boatwright | Egeland | McAlister | Thomas, Wrallam |
| Briges | Fenton | McLeman | Thurmaz |
| Brown | Foran | McVitue | Toures |
| Burke | Garamendı | Meade | Tucker |
| Calio | Goggin | Miller | Vasconcellos |
| Campbell | Greene, Leroy F. | Mobley | Vicencia |
| Carpenter | Gualco | Montosa | Warren |
| Chacon | Hart | Murphy | Wilson |
| Chappie | Hayden | Nestande | Wornum |
| Chel | Ingalls | Nimmo | Z'berg |
| Chimbole | Keene | Papan | Mr. Speaker |
| Cline | Kessor | Permo |  |

Quorum present.

## REGULAR BUSINESS DISPENSED WITH

By unanimous consent, the regular order of business of the Assembly was dispensed with for this legislatıve 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 therr 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 1026 a m, Speaker pro Tempore Papan declared the Assembly recessed until 2:45 pm .

## REASSEMBLED

At 2.45 pm , the Assembly reconvened
Hon. Louns J. Papan, Speaker pro Tempore of the Assembly, presiding.

Introduction, first reading, and referende OF ASSEMBLY BILLS
The following bills were introduced, read the first time, and ordered held at the Desk.

Assembly Blll No. 3: Hy Assemblyman Bane-An act to add Part 6 (commeneng with Section 11900) to Division 2 of the Fmancial 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. 6: By Assemblyman Bane-An act to amend Section 7184 of the Financial Code, relating to savings and loan associations.

## REFERENCH OF BILLS TO COMMITTEE

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

## Committee

3_--_-_-_-_-_-_-_-_Housing and Community Development

## ADJOURNMENT

At 247 pm , Speaker pro Tempore Papan declared the Assenbly adjourned until 9 am . Wedneshay, Manch $\overline{\mathrm{i}}, 1975$

LEO T MeCARTHY, Speqker
ANABEL FLELIRY, Mmute Clerk

## CALIFORNIA LEGISLATURE

## 1975-76 FIRST EXTRAORDINARY SESSION

## ASSEMBLY DAILY JOURNAL

## Eleventh Legislative Day

Seventeenth Calendar Day
IN Agsembly

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 OALL

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

| Alatorre | Collier | Kessor | Priolo |
| :---: | :---: | :---: | :---: |
| Antonosich | Crasen | Knox | Ralph |
| Arnett | Cullen | Lancaster | Rolinson |
| Bane | Davis | Lanterman | Robenthal |
| Bannai | Deddeh | Lews | Slegler |
| Berman | Dixon | Lockjer | Sterots |
| Beverly | Dufy | Machounld | Thomas, Yincent |
| Boatwright | Egeland | Madds | Thoman, William |
| Bronn | Fenton | McAlinter | Tburman |
| Burke | Foran | Melennan | Torres |
| Calvo | Garamendi | Mclittie | Tucker |
| Campbell | Goshin | Mcade | Vasconcellos |
| Carpenter | Greme, Leroz F. | Minler | Vicencia |
| Chacon | Guales | Mubley | Warrea |
| Chapple | Hart | Murph3 | Wilson |
| Chel | Haj den | Nestande | Wornum |
| Chimbole | Ingalis | Papan | Z'berg |
| Clive | Keeue | Perino | Mr. Spealer |

Quorum present.
REGULAR BUBINESS DIEPENGED WITH
By unaninous 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. 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.
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 ubsence of Mr Montoya on this day, see Assembly Daily Journal for the regular session for this day.

## REOEAS

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, Bpeaker pro Tempore of the Assembly, presiding.

## ADJOURNMIENT

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 <br> Eighteenth Calendar Day

## IN ASSEMBLY

Assembly Chamber, Sucramento
Thursday, March 6, 1975
The Assembly met at 4.16 pm
Hon Leo T MeCarthy, 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:

| Antonowheh | Ciuven | Fnot | Ral |
| :---: | :---: | :---: | :---: |
| Armetl | c'ullen | Lancaster | Rol |
| Isame | Datis | Lanterman | Ros |
| ISammi | Deddeh | Lew is | tie |
| Betman | Dixon | Loelcser | Ster |
| Beserly | Duffy | Mac Lhonald | s |
| Bontwright | Jigeland | Muddy | Th |
| Briggs | Fenton | McAlister | Th |
| Brown | Foran | MeLemban | Th |
| Burke | Claramendi | Muvitte | Toi |
| Calsa | Goggin | Mleade | 'Iu |
| Campbell | Greene, Hill | Miller | $V \mathrm{~F}$ |
| Carpenter | Greene, Leloy F. | Mubley | Vic |
| Chneon | Gialeo | Murphy | W\% |
| Chapple | Hait | Nertande | W1 |
| Chel | Hus den | Nimmo | Wo |
| Chimbole | Ingalls | I'upan | Z'L |
| Cline | Keene | Perano | M |
| Cullier | Kevaur | 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 thonking, 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 chnld, you can't mean me".
But you see you're human and that's what God beeame
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 lovine:
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.
-Ioscph Nolan

## PLEDGE OF ALLEGIANCE TO THE FLAG

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

## MOTION TO DISPENSE WITH READING OF THE JOURNAL

Further reading of the Jourual of the prevous legisative day was dispeused with on motion of Mr Beverly, seconded by Mr Kapiloft,

## LEAVES OF ABSENOE FOR THE DAY

The followng Member was granted leave of absence for the day, because of illhess.

Mr. Kapiloff, on request of Speaker MeCarthy.
The following Members were granted leaves of absence for the day. on personal busmess, and desired to wave their per dem.

Mr Alatorre, on request of Speaker McCarthy.
Mr Badham, on request of Spedker MeCarthy.
The following Member was granted leave of absence for the day, because of a death in lis famuly.
Mr. Montoya, on reques of Speaker McCarthy.

NOTE For letter explaining the absence of Mr Budham on this day, sue Assembly Duly Journal for the regular sebsion for Mareh 4 , 1975, page 1416.

NOTE For letter explaming the absence of Mr Alatoite on this day, sec Assembly Datly Journal for the regular session for this div

## REPORTS OF STANDING COMMITTEES Committee on Housing and Community Development

Assembly Chamber, March 61975
Mr Speaker The Chairman of your Comnittee on Housing and Communty Development reports.

AB No 1
With author's amendments with the recommendation - Amend, and re refer to the Committee on Housing and Communty Development

## CHACON, Chanman

## 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 sead 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 lime 1 of the heading of the printed bill, strike out "Assembly man Chacon', and insert "Assemblymen Chucon, Alatorre, Baman, Berman Bodtwriglit, Calvo, Chappre, Chel, Chmbole, Craven, C'ullen, Davis, Deddeh, Dixon, Egeland. Fenton, Foran, Gadmendi, Gogrin, Leroy F Greene, Gualco, Hart, Hayden, Kapiloff, Kepne, Kes sor, Knox, Lanterman, MaeDondld, McAlister, Mc'arthy, McVittie, Milles, Alontos H, Permo, Robmson, Rosenthal, Siegler, Sieroty, Suitt, Vincent Thomas, Thurman, Torres, Turker, Vasconcellos, Vıcencia, 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, Dunlıp, Garcia, Gregorio, Kennuck, Marks, Nejedly, Presley, Rains, Rubbuns, Roddd, Schrade, Smith, and Song''.

## Amendment No. 3

In line 1 of the title, strke out '37031, 37032, and 37033 of, and", and msert " 7967 , 7268. 11552, and 11556 of the Governmsent ('ode, to amend Section $3+802$ of, to amend the headnug of Artacle 4 (commencing with Section 34900) of (hapter 1 of Part 3 of Division 24 of,".

## Amendment No. 4

In line 2 of the title, after "ddd", insert "Section 179589 to, to add".

## Amendment No. 5

In lme 2 of the title, after the commd, usert "to repeal Chapter 3 (commenemg with Section 17930) of Part 15 of Division 13 of, and to repeal Part 8 (commencung 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 linie 1 , and insert
"SECTION 1. Section. 72678 of the Goverument Code is amended to read:
72678. (a) All public pntites shall adopt rules and regudations to implement parments and to admmister rulceation assistance under the provisions of this chapter Suell rules and regulations shall be in conformuty with the gudelints alopted by the E'thentinsitat D(partment of Housing and Connmunty Derelopment purvuant to Sectuon 7268 Such rules and regulations oladl, to the fullest extent possible, also be consistent as to federal and nonfederal projects.
(b) Notwithataliding the piovisions of subdin sion (a), with respert to a federally funded project, a public entst: shall make relocation assistance payments and provide relocatoon advisory assistamer as required under federal law

 Development shall adopt gumdelines for the muplementation of pas. ments under this chapter and for the unform dommatration of resloceltion disistance by pubice entities carryng out the provisions of thes ehapter Giculctines of the Commeswon of Ilouneng and Commenity Development, adopted piun to the abectare date of amendmonts t" thes sectun enacted at the JgTj Fust Eichnomdenay Nrswon of the Legestature, skall be cunhumed an effeet as the guthlime of the Depaitment of IIouseng and Communily Decolopmint untl such time as they may be icrised by the department
(b) The Gomion Department of housing and Community Development shall, to the fullest extent possible, conform such guidelines to the Presidential Gudelines 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 Acquistion Policies Act of 1970 (PL 91-646), and the rules and regulations promulgated pursuant thereto.
(e) 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 gudelines 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 muleage limitation in determining the actual and reasomable expense in moving a busmess for purposes of Section 7262.
(d) In adopting such guidelines the 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 puble entities in drafting and amending rales and regulations to implement payments and to administer relocation assistance under this chapter.

SEC 3. Section 11552 of the Goverument Code is amended to read:
11552 An annual salary of thirty thousand dollars ( $\$ 30,000$ ) shall be pard to cach of the following:
(a) Supermtendent of Banks
(b) Commissioner of Corporations
(c) Insurance Commissioner
(d) Director of Transportation
(e) Real Estate Commissioner
(f) Savings and Loan Commissioner
(g) Drrector of Benefit Payments
(h) Director of Water Resources
(1) 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 IIighway Patrol
(p) Members of the Public TTtilities Commission
(q) Director of Employment Development
(r) Director of Aleoholic Beverage Control -
(s) Dircelar of Eonsiny and Communty Denelnpment

SEC. 4 Section 11506 of the Government Code is amented to read.

11556 An annual salarv of twenty-five thousand dollars ( $(\$ 2.5,000$ )
shall be padd to eath of the following.
(h) Director of Navigation and Ocean Development
(b) Director, Office of Emergency Services
(e) (c) Members of the Adult Authority
(e) (d) Members of the Foard of Equalization
(f) ( $\epsilon$ ) Members of the Stite Water Resources Control Board
(fa) ( $f$ ) Members of the Youth Authority Board
(h) ( $a$ ) State Fire Marst al.

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 179589 is added to the Health and Safety Code, to read.

179589 Any modifications or changes adopted pursuant to Section 179585 on or after March 1, 1975, shall be subject to review by the Bulding Regulations Review Board pursuant to Chapter 5 (commencmg 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 Honsing and Commumity 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 Commumity Derclopmert

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 IIealth and Safety Code, to read:

## DIVISION 31 HOUSING AND HOME FINANCE

## PART 1 STA'TE HOUSTNG POLICY AND GENERAL PROVISIONS

## Chapter 1 Legislative Findings and Declarations

41000 This part shall be known and may be cited as the Chacon-Moscone-Zenovich Ilousing and Home Fmance Act

41001 The Legislature finds and declares that the subject of housing is of vital statenide 'mprortance to the health, safety, morals, and welfare of the residents of this state, for the following reacons.
(a) Decent housmg is an ewsential motivating force in helping people acheve solf-fulfilment in a frep and democratie society
(b) Unsmitasy, unwfe, overerowded, or comgested dwelling aecommodations constitute conditions wheh cause an merease m, and spread of, disease and erme
(e) A healtly housmg narket is one in which residents of this state have a chone of housing opportunties and one in which the housing consumer may effec wely 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 gonl, the provision of a decent home and a surtable living envronment for every American family and the Iegislature finds and declares that the attainment of this goal is a priority of the highest order The national housing goal, as it apples to Califormia, is deserving of aduption by the Legislature, with the accompanying commitment to gude, encourage, and direct where mossible, 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 enviromment for every Calfornian

The attainment of a national and state housing goal is complicated by a vamety of continuing problems, not the least of which are the absence of a coherent housing policy, the absence of a comprehensive framewnrk outhing the dimensions of need and obstacles preventing the fulfillment of such need, the absence of effective private-public mechanisms designed to engender and facmitate a partuership approach to housing, and the absence of effective subsidy programs designed to reach very low meome households

41003 The Legislature finds and declares that, as a result of public actions involving highways, public fachities, and urban renewal projects, and as a result of poverty and the spread of slum conditions and blight to formerly sound neighborhoods, there exists withm the urban and rural areas of the state a serious shortage of decent. safe, and sanitary housing avalldble at low and moderate rentals which persons and families of low and moderate uncome and elderly and handicapped persons can afford Thus shortage is mmeal to the safety, henlth, morals, and weltare of the residents of this state and the sound growth of its communties lrivate enterprise and mestment. without the assistance contemplated in this division, is not disposed to prowde, nor can it economijally achieve, the needed construction of decent, safe, and smitary housing at rentals which persoms and famolies of low and moderate weome can afford the urgently needed relabilitation of existing housing

In order to remedy such housing shortages, it is necessary to implement a public program meorporating the following elements and goals:
(d) A reductom in the cost of mortgage financing for rental housing for persons and familipe of low and moderate meome, so as to reduce eronome pressures for mereased rental payments
(b) A reduction in the cost of mortgage financing for home purchases, in order to make homeouner,hip feasible for persons and famblips of low or modenate theome
(e) The avalabilty of morthage findncmg in geographical areas in whech private lender's have been unable or unwilling to commit addithonal funds for remidentall lendeng.
(d) The provision of assistance and encouragement with respect to residential construction and rehabilitation by private enterprise which will house persons of varifd economic means in the same structures and neighborhoods, thereby alleviating and contributing to the permanent elmmation of slum conditions
(e) Restoration and rehabilitation of structures of architectural or historle merit
(f) An increase in the supply of housing available to the elderly and handicrpped and large familes
(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 traming, and relocation assistance
(1) Maximum utilization of federal subsides available to meet housing needs of very low meorize households
(j) The avalability to local governments of the financial resources and statistical data needed to assist them in meeting housing needs withan their respective jursdietions

41004 The Legislature finds and deelares that it is to the economic benefit of the state and a publec purpose to enconrage the availability of adequate housing and home finance for persons and families of low or moderate income, and to develop viable urban and rural commumities by providug decent housung, enhanced living enviromment, and increased ceonomic opportumities for persons and families of low or moderate meome The exarcise of the powers specified in this division will be in all respects for the benefit of the people of the state, for therr well-being and prosperity, und for the umprovement of their social and economic conditions Therefore, this division shall be hberally construed to effect its purposes

## Chapter 2 Definitions

41020 Inless otherwise malicated by the context, the definitions contaned in this chapter st all govern the construction of this division.
41021 "Affirmative action'" merns any program to create greater job opportunties for members of disadvanaged ramal, sexual, religious, ancestral, or nation $d$-orign groups Such program shall melude educational, promotional, and other approprite activity desugned to secure greater employment opportumity for the members of such groups

41022 "Affirmatsee marketing program" means any program to acheve greater access to housing opportumities created by this divison for members of disadvantaged racial, sexual, religous, ancestral or nationalorigon groups Such program shall inelude educational, promational, and other appropriate activity designed to secure greater housmo opportunties for the members of such groups

41023 "Affordable ren:" means rent not in excess of the percentage of the gross meome of the oecupant person or famly establehed by regulation of the agency and not m excess of market rent Such pereentage 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 definmg, and providing for determination of, gross meome and rent for purposes of this section, whel shall be consistent with pertinent regulations of the Department of Housing and Urban Development or other federal law with respent to developments anded by the federal government

41024 "Agcucy" means the Cahforma Hounmg Fmance Agency
41025 "Assisted housing" means housing financed by a belowmarket interest rate mortgage msured or purchased, or a loan made, by the Secretary of the I'nited Statec Department of Housing and Uirban Development or by the Farmers Home Administiation of the United States Department of Agriculture, or a manket-interest-rate mortgage msured or purchased, or a loan made m combination with, or as angmented by, a progiam of rent supplements or subsidies, interest subsudes, leasung, contributions or grants, or other programs as are now or hereafter authorized by ferleral law to serve persons and families of low or moderate mone, a mortgage or Joan made pursuant to this part; or a mortgage or loan from any private or public source $w$ th an miterest rate and terms satisfactory to the ageney and which will meet the requirements and purposes of this division

41026 'Below-market interest'" means the interest rate determuned by the ageney to be suffecent to return to the agency sufficient meme to meet its ubligations and expenses connected with a mortgage for wheh in interest rate below the then current market rate is determined, at the tume of commoment of funds by the agence $y$

41027 "Board" means the board of dreetors of the agency
41028 "Bonds" means bonds, notes (including constriction loan notes), debentures, inten im certificates, or other evidences of financmal indebtednesss ssued by the agency pursuant to Part 3 (commenemg with Section 41300) of thas dumsion

41029 "Cause" mpans gross negrect of duties, frand, or violation of Section 41304 or Section 41305.

41030 "Citizen parturpation" means action by the local public entrity to provide peroms who will be affected by relabilatation assistance financed under the provisions of ("hipter $G$ (commencing with Sertion 41550) of Part 3 of this (dvision with oppoitumtans to be m-
 gram "Citizen participation'" shall include, but not be limited to, all of the following
(1) Holding a public meeting prior to the liearing by the loeal pubhe entrty consodernig selection of the area for destgnation
(2) Consultation with an elected or appomted estizen advioory beard, romposed of represmataves of ammer of property in, dud iendents of, a proposed parturpatmir enomentrated rehabiltation area, m developing a plan for puble mprovements and the rules and renulations for implementation of the proposed rehablatian astandate poram
(3) Descmuation by maling to poperty ownems withm the proposed rehabiltation area at the addrese showa on the latest assessment
roll and by distribution to residents of the proposed particppating 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 loral public entity

Public meetings'and consultations held to implement the requirements of citizen participation shall be condurted by a plannung or rehabiltathon 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 owrers
41031 "Commsssion" means the Commission of Housing and Communty Development.

41032 "Construction loan" means a short-term loan secured by real property, made for development costs meurred 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 whech 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 propertres on a proposed housing development site or payments for the purchase of such properties.
(b) The cost of site preparation, demolition, and clearing
(c) Arrhitectural, eng ineering, legal, accounting, consulting, and other fees paid or payable in connection with the planning, execution, and finanemg of a housing development and the finding of an elgible mortgagee for a housing develonment
(d) The cost of necessacy studies, surveys, plans, and permits
(e) The cost of insurance, interest and financing, tax and assessment costs, and other operating and carrying costs meurred during construction or rehabilitation
(f) The cost of construction. rehabolitation, reconstruction and fixtures, mediral facilities, farnshings, equipment, machmery, apparatus, and simular faclities and equipment related to the real property
(g) The cost of land improvements, including, but not limited to, landseaping, site preparation and streets, sewers, utilities, and other offsite mprovements, 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 jub overhead to the general contractor and, if applicable, a limited-divilend housing sponsor
(i) An allowance establuhed by the dgency for working capital and for reasumable reserves set aside to defray unantucipated additional development costs.
(j) Necessary expenses incurred in eonnection with intial oceupaney of a housing development, including reserves for any anticipated operating deficits to be incurred during the construction period and the intial years of oceupancy
(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 sperefic cost item within this section shall in no way imply a refurrement that the agency finance that item in making a loan on any housmg development Development costs shall not include any greater portion of the cash outlay required for a housing development owned by a hmuted-dividend housing sponsor than ss consistent with an equitr investment sufficient to ensure a substantial and contmuing interest by sueh sponsor in the housing development

41035 "Development loan" means a loan made prior to the grantung of a construction loan, for plaming, acquisition of land and improvements threon, and site preparation for a housing development. A development loan may include costa of architectural, engmeerimg. legal and consulting services, the cost of necessary studies, surveys and govermmental permits, and the cust of such other items as the agency deems reasonable and neressary for the intial preparation for construction or rehablitation 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 sperified in Section 87103 of the Government Code
41038 "Fund" means the Cahfornia Housing Finanee Fiud
41039 "Govermmental arency" means the l'muted States of Ameriea, the State of Callforma, day eity, countr, or eity and county within this state and any depariment, division, public corporation, or puble arency of thas state or of the ['mited States, of two or more of such contion uroting jomitly

41040 "(ruartantred"' means secured by a pledge of the full fath and credit of the ['nuterl States for the pasment of the promepal, interest, and diys redempton premum on bonds samued under the duthority of this divisum
41041 "Handuapped" means a fammy in wheh the head of the household is sulfermar from a phyweal disibibity afleceting his or her
 ability, where the family or person recuren speral wite or tarilition m the home "Ilanduapred" dion moluder a fimm in whith the houd of hourhold suffer from a development dinabilits ५per fiex in subdivision (h) of sertion 38003 or an mental dimorder wheh would render him or har elgible to particupate 10 prouram of telahblitation or soctal serveen comblucted by or on belhitt of a publue digethy, ar ad suggle prison with such development disabilaty or mental disorder.

41042 "Historic preservation" means the restoration and rehabilitation of residential and mixed residential-nonresidential structures of architectural or historic ment designated in a federal, state, or local government register or pursuant to regulations of the department estabhshing 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 aequisition of existing residential structures in good condition, for the provision of housing which is financed pursuan to the provisions of this division for the primary purpose of providng 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 famihes of low or moderate income A housing development may include housing for other economie groups as part of an overall plan to develop new or rehabilitated communitues or neighborhoods, where housing for persons and families of low or moderate income is a promary goal A houcing development may inelude any buildings, land, equipment, facilities, or other real or personal property which the agency determines pursuant to ats rules and regulations to be necessary or convenient in connection with the provision of housing pursuant to this division, including, but not linuted to, streets, sewers, utilities, parks, site preparation, landscaping, and other nonhousing fachlities, such as adnumistrative, commumity, health, recreational, educational, and commercial facilities, and meludes child day-care fachities which are an integral part of a planned housing development
41044 "Housing sponsor" means any indwidual, joint venture, partnership, limited partnership, trust, corporation, cooperative, local publif 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, aequire, rehabilitate, operate, manage, or maintan a housuly development, whether for profit, nonprofit, or organzed for lmated profis, and subject to the reguldiory powers of the agency pursuant to rules and regulations of the board and other terms and conditions set forth in this division "Housing sponsor" meludes persons rud families of low or moderate meone who are approved by the agencr as eligible to own and occupy a housing development

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

41046 "Local housugg agent" means a enty, county, eity and county, or combination thereof acting jointly wheh is eertified by the department pursuant to Seeton 41512 to revew appheations by prospective housung sponsors for loans made or assisted under this division for housing developments proposed within the territorial bounduries of the local housing ugent.
41047. "Local public entity" means any county, city, city and county, redevelopment aqency organzed 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 meludes any state agency, public district or other politucal 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 familes 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 Joans for rehabilitation, the interest rate determined by the agency, pursuant to its rules and regulations, to be the lowest interest rate generally avalable in the private market for construction loans, new loans, for singlefamily 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 rehabilstation loans, "market interest" shall instead mean the interest rate fixed by the agency, not exceeding 10 percent annmal 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 accordung 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 Ioan" 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 'Mutuil self-luplp housing' means ansisted housing for which persons and famines of low or moderate income contribute their own labor in group efforts to provide decent, safe, and sanatary housing for themselves, thear familues, and others occupying the housing
41054. "Nonmetropolitan area" means an area outside a metropoli$\tan$ area

41055 "Nonprofit housing sponsor" means a nonprofit corporation incorporated pursuant to Part 1 (commencing with Section 9000) of Drvision 2 of Title 1 of the Corporations Code or a cooperative corporation incorporated pursuant to Part 2 (commenemg with Section 12200) of Division 3 of Title 1 of the Corporations Code or any other corporation which 25 certified by the agency as a housing sponsor whech cannot legally accumnlate, 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 umable to pay the amounts at which unassisied private enterprise is providing suitable, decent, safe, and sanitary housing The agency shall adopt regulations establishing criteria for qualification of persons and fambes of low or moderate meone, which may differ among different areas in the state to reflect vayying 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 avaulable for housing needs.
(b) The size of the household.
(c) The cost and condition of a vailable housing
(d) The eligibility of such persons and families for federal housing assistance of any type
"Persons and familes of low or moderate meome" meludes very but income households, but does not melude 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 obtan and maintain decent, safe, and santary homsmg, without andue financial buden, as determmed by regulations of the agency.

41057 "Qualfied mortgage lender" means a mortogage lender rertified 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 tharteted savinga and loan association, service cooporation, or other finameral institution or governmental agency which is deemed capable of povidug service or otherwise admg in the financing of comstruction loans and motgage loans, and nothing in any other provision of state law shall prevent such a lender or governmental agency from seiving as a qualified mortgage lender under this division A "qualified motygage lender" that violates state lan or the terms of any agreement with the agency shall be promptly decert fied

41058 "Real pooperty" means all lands, includung imporements and fixtures thereon, and property of any uature appurtemant thereto or used in comection therewith, and erery entate, miterest, and right, legal or cquable, therein, melhudng leasehold, tems of years, and hens by way of judgment, morteage, or otherwise

41059 "Relabilatated dwellug' means a housing development which becomes eligible for a motitage loan by rehabilitition condurted parsuant to rules and regulations adopted by the agem $y$, whether or not a coustruction loan is provided by the agency for sum rehabihtntion

41060 "Rehrbilitatwi" means repairs and improw ments to a dwelling umt neces ary to make it a decent, vafe, and amitaly dwelhng wheh meets applenble state and lowal buikling and houmar wandards "Rehabiltation" may melude other mprovements not in excess of 20 percent of the total cost of meeting surh standards, except that $m$ the
case of owner-occupied housing developments not exceeding four dwelling unts, and mparticipating concentrated rehablitation areas designated pursuant to Section 41550 where rehabilitation costs exceed Fo thousand five hundred dollars ( $\$ 2,500$ ), other improvements may be included up to 40 pereent of the total cast 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 pand by the persons and families of low or moderate income for oceupancy 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 (commeneing with Section 11371) of Part 1 of Division 3 of Title 2 of the Government Code All regulations of the department and ugency 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 Mancgement 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 famihes of low or morlerate meome, 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 loin made bv the agency nor any benefit derived from the abatement of taxes levied by the state or a political subdivision thereof
+1067 "Very low meome households" mieans (1) households whose meomes do not exceed the qualifyme limits for very low income familes established pursuant to Section 8 of the United States Honsing Act of 1937, or (2), in the event such federal standards become obsolete, houspholds whose meomes do not exceed 50 pereent of the median mcome for the area in wheh the housing umts in question are located, with adjustments, abuve and brlow such 50 percent figure for smaller and laryer famblies, as determmed by the corporation.

## Chapter 3 General Provisions

51080 In the event of confluct between this division and any other provision of law, the provisionc of this division shatl be deemed controlling If any clause, sentence, paragraph, or section of this division is held invaind by any court of competent jurisuration, the decision shall not affect or impair any of the remaming provisions

41081 The Speretary of the Buaness and Transportation Agency shall be responsble for allowiting finmenal and and contributions made avalable to the state by any ageney of the Enited States, for the purpose of subsidizing housing for perbins and families of low or moderate income The first priority for alloration of such noneys shall be subsides for housing derelopments financed or to be financed by the agency

Nothing in the division shall preclude the establishment of direct relationships between the faderal government and local public entities or shall $m$ any was alter the authority of local publie entities to directly recerve federal funds, nor shall anythmg in this division be construed to supersede or affect any other provision of law relating to the control of funds by local puble entitics Further, nothing in this division shall affect the authority and obleations specrifed in Chapter 16 (eommenemg with Section 7260) of Division 7 of Title 1 of the Government Code with reapuet to payment of relocation assistance or prevent the reppipt and disbuřmenent of ferleral funds made avalable to any governmentel ageney for such purpose
41082 To further the gools of this divisum and to enable the success of a statewide housing program, it is essential, and the Legislature mends, that the agency and the department shall closely coordinate their activities to assure that the goals and purposes of this divicion are realized

41083 Nothing in thas division shall be construed to authorize the creation of a debt or lability of the state withon the meaming of Section 1 of Artucle XVI of the State Constitution

## PART 2 DEPARTMENT OF HOTISING AND COMMTNITY DEVELOPMENT AND COMMISSION OF HOUISING AND COMMLNITY DEVELOPMENT

## Chapter 1 Organization of the Departafent and General Powers

 41100 The Department of Housing and Conmunity Development is hereby continued in existence in the Busmosh and Tramportation Agency41101 The Department shall be admmintered by an executise officer known as the Drector of Housng and Communty Development The director slall be apponted by the Governor, subjert to confirmation by the Senate, and shall hold office at the plesure of the Gormor The denertor shall reepue the amual solar prowiled for by (lbapter 6 ( commenelug with Section 11550) of Part 1 of Dunmon 3 of Title 2 of the Govermment Code

41102 The pronwoms of (Chapter 2 (emmmenemg wath Spetion 11150) of Patt 1 of Brasion 3 of Tifle 2 of the (ioxermment ('ode apply to the department, and the durector is the head of the depart-
 form all dutacs everese all powers, disharge all reypomatity and
 detuon of the department The deredor shall kerep all book and recerds necessar: for proper and eftio ient aldamatration of the department

4103 The Goverion batl appont, upon the recommendation of the derector, a depuls duector The deputs director shatl hodd offier at the pleasure of the dacetor and shall receise a salar? as thall be fixed by the director wath the approsal of the Deparmimet of Fandice $411(1+$ The work of the depditment shall be dumed anto the followng three divisions
(a) The Division of Codes and Standards
(b) The Divisom of Rruarch and Policy Development
(c) The Dywhon of Commumty Affairs

41105 Earh divison that be wo the charge of a ehief, under the direction of the diector The thef, shall be apponted upon recommendation by the director, by the Governor Surh devism chiefs whall hold offiee at the pledulue of the derector, and bhall reverve a salar: as slall be fixed by the derector with the apporal of the Department of Finamer
41106 For the purpose of this divisom. the department shall have all of the follow my powers
(d) To sue and be shed in its own name
(b) Tollene an official beal and to alter it at pleasume
(e) To make and execute contrects and all other mstrumente neces-

 ants, experts in houmig cousiburiom, mandrement and finanere, and such other adower, compulants, and agents as may be neeessary in its judenent for the priformane of ats functume anil to fix there comepensation an acoorlanee with applabable latu
(e) To provide divice. techmatal mformation, and consultative and

(f) To entablioh, revise from thme to time, and dharge and collect fees and eharges for sorvers provided purabait to this dismon
( $g$ ) To decept gifts or granth or lonsis of fund or property or finanemal or other and from any tedend or state argery or prosite woure and to comply with eonditions hereof unt eontrats to law
(h) To pater into arrements or other trambetions with ane govern-
 or communt? desolopmant program of the wemmental agemes be the
 a pogedm of the department either in whote or mat

 cose of powers and functurn of the depariment and to transfer such

(J) To appear in ats ann belialf betape boards, wommesume, departments or othem abruman of keal wate or ferderal wowrmment


(I) To cequme eal ar permand proprety, or any interest therem, on






 ment amil tom the conduct of as bames All athonits to ddopt, amend,
or repeal rules and requlations vested by any provision of law in the commission is liereby tranaferred to the department Any rules or regulations alopted by the commisson or by the Chref of the Division of Housing of the Iepartment of Industridi Relations, which are in effect on the effective date of this division shall reman in existence as the regulations of the Aepartment untal 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 avalable for assisting the residents of this state, the private housing industry, and local public entities in sutisfying housing and community development needs in this state.
41109. The department shall annually submit to the Goveinor and both houses of the Legislature:
(a) Recommendations for changes in state and federal law neressary to meet the need for housing and community development in the state.
(b) An annual report of the operations and aceompleshments of the department, and of other state departments is they affect state housiug and community development activities.
(c) A report eontaining revisions of the Calfornia Statewide Housing Plan, as idopted by the commission.

## Chapter 2. Poricy Activities of the Department

41125. The department shall complete and recommend for adoption a California Statewide Housing llan The plan hall be developed on cooperation with the priate housing industry is well is regional and local housing and planning agencess Subsequent to environmental review and a review of consisteney with other htate plans by the State Office of Planning and Ra, earch, at shall be adopterl by the fommussion after publie hearings, with surb amendments as are deemed appropriate by the commission, and shall serve as a state housnus phan for purposes of the Housing and Commumty Development Act of 1974 (1' L 93-383).

41126 The Calfornia Statewide Housing Plan shall incorporate a statement of housing groals, policies, and objectives, is well as the following segments.
(a) An evaluation and summary of housing conditions throughout the State of California, with particular emphass upon the availability of housing for all peonomic segments of the state Surh exaluation shall include an manassh of each county, metropolitan statistical , rean debignated by the Bureau of the Census of the C'uitell States Department of Conimerce, and regaon dewignatiod as a regonal phammg atea bs the State Office of Plaming and Reserareh or by the C'nted Station Department of Mousiny and Erban Development withen the State of Callfornm The evaluation shall melude an durly sis of the existung dinfribution of housimg by condition, type, sise, grosis 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 ths to present the number of romms, gross income, household size, rent, and value cross-tabulated on a smgle table
(b) Housing development gonls for the 1974-7.5 fiseal year and projeeted four additional fiseal years ahead Such goals shall be eatablished as the minmme construction and rehabilation neressary to house all recidents of the state in standard, merowded unts convenient to rentes of cmploment while reducing the cont of hommg for wry low income honseliolds
(c) A schedule of minimum annual meremental housing gonls projected by statistual mimate until July 1, 1980, which chall be derigned to acheve by such date a substantial reduction in the number of very low mome loweholds coustamed to pay nore than 2.5 pescont of grows weme for housing.
(d) An identufation of market constraints and obstarles and perifie recommendations for their 2 emoval
(e) An analysis of state and locen hounug and bulding codes and their enforcement. Such analysin shall molude consuderation of whether sueh rendes contain sufficient flexibility to reupond to new methods of constuction and new materials.
(f) Reconmendations for state and other public and prisate action whelh will contribute to the attamment of housing goak eatablished for Califormia.

41127 The department shall amnually update and provide to the conmmbion a revicion of the Cahforma Statewde Itomsing Ilan contammer the following segments.
(a) A comparison of the housing goals for the fival year preceding the deadline for submiscion of the revivion with the dmount of sontruction, rehablitation, and cont weduction in hommg acheved in such fiserl year.
(b) Arevision of the minmmm houmur romitruation mad relabilita-
 year to which the dendine for ulmmison of the eswom falk, melluding a revinon of the projected goals requmed by ubdunion (b) of
 ing grols maty be therly a harved
(e) A sevision of the incremental homeng grals yperefied in subdurision (e) of Sertion 4112.2
(d) A rescuan of the evaluation requered by subetivison (a) of Section 412.5 as new "erasus or other atu icy data become atalable
(0) An updatug of recommendatoms for state artion whoch will farshtate the attaiment of housing goalh atablaned for ('anfornia



 It is also mesuded to sersean a toate hoump phat and moonde a fiamework for local housmg asintatier plans meetner tequirements 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 througlout the state.
41130. The department slall develop a sthtewde farmworker housing assistance plan and related policies, goals und objectives for inclusion in the California Statewide Housing Plan
41131. The department shall collect, publish, and make avalable 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 specifinations for the structure, functions, and organization of a housmg and community development information system for this state. Such system shall include statistical, demographic, environmental quality and commmity deselopment data which will be of assistance to local publiv entities in the plamung 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 systens in two or more countios or multiple-county areas. The department shall operate the prototype systems, or it may contact with one or more counties, or with one on more counties and one or more cities, or with a regional agency including one or more com ties 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
41138. The department shall adopt regulations for the preparation of housing elements required by Section 65302 of the Goverument 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 (rommencing with Section 11371) of Part 1 of Divison 3 of Title 2 of the Government Code. After ronsultation 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 requrements of Section (i5302 of the Government Code and rules anil reguhations adopted pursuant thereto, and report its findings. The department may require submiscion to it for review of any local housing assistance plan adopted pusumt to provisions of the Honsing and Committee Develojment Art of 1974 (PL 93-383).
$4113 \bar{s}^{\circ}$ The to relocation assistance by public entities, pursuant to the provisoms of Chapter 16 (commencing with Sertion 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 relatug to relocation assistance pursuant to subdivision (e) of Section 7268 of the Govermment Code The department may require public entities to remburse the department for such assastance as the department provides.
41136. The depariment shall issue guidelines for the preparation of affirmative plans by local publec 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 takng effect. with respect to the following:
(a) Staudards for affirmative marketing programs of housing sponsors seeking financial assistunce from the agency.
(b) Criteria for certifying that the sale or conveyance of real property will primarily benefit persons and famlies of low or moderate income living m 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 famules displaced by actions of the agency or of housing sponsors of housing developments
(e) Criterid for qualification of persons, fumlies, and' households as persons and familus, of low or moderate income or very low meome households
(f) Regulations establishing the maximum percentage of income which may be paid for rent withm the meaning of the term affordable rent, as defined in Section 41023
(g) Regulations designating geographical areas of need for housmg construction or rehabilitation, the finaneing of existing housing, or indentifiable types of households with particularly severe honsmg needs, or establishing priority criteria for the selection of homes and projects to be financed as housing developments.
(h) Criterna for melusion of nonhousing facilities in housing developments financed by the agency
Regulations proposed by the agency in such areas of responsiblity shall not take offect without concurrence of the director, the Secretary of the Busmess 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 ayents as provided in this division

## Cilapter 3 Arsistance Actinities of the Defartmpnt

41160 The depantment may, upon receipt of a request of a local publice entity provide adnisorv assistance or staffing for development of new and rehdbiltated housing for persons and famules of low or moderate uncome, the elderly, and persons displaced by governmental
action, and in the development of programs to correct or eliminate blight and deterioration and to effect communty development or redevelopment.
The department may contract with a local puble entity to provide any necpssary staff services associated with, or required by, a local public entity and wheh could be performed by the stiff of a redevelopment agency or housing authority.
The department may provide technical assistance moveloping housing for students and faculty of universities and collegea upon the request of a potential housing sponsor, or at the request of the qovernmg board or other agency of a university or college.

41161 The department may furmsh counsting rind gindance services to aid any governmental agency or any private or nomprofit organization or persons in securing the financial and or cooperation of govermmental agencses in the undertaking constriction mantenatice operation, or financing of housing for Indaus, farm laborers and their familes, persons and fami ies displaced by action of any stite or lopal public entity, workers engaged in cutting, processing. millong handlong, or shipping lumber or lumber products, the families of such workers. the elderly and handicapped, and persons and familes of low or moderate income The department may contract for or sponsor, subjeet to the avalability of federal funds, experimental or demonstration projects for permanently fixed or moble housing denigned to mest the special nceds of agricultural workers, persons displaced by action of anv loral public entity, the handucapped, the elderly, Indians, and persons and famulies of low or moderate meome Such contracts or sponsorship agreements may be between the department and local public entities, private enterprise, or nonprofit organizations

41162 The department shall pncourage researeh and demonstration projects to develop new and better techmupues meluding techmques of rehabilitation, for increasing the quality and supply of housing for persons and families of low or moderate income and mov make grauts or lonns, with or without interest, in connection therewith

41163 The department may adopt rules and regulation establishing a muturl self-help housing techmeal assistance pogram providing grants to nomprofit housing sponsors for carrying out prourame of technical and supervisory assistance to aid persons and familes of low or moderate income develop mutual self-help housing
41164. The department may make grants to nonprofit housing spomsors and local publice entilies for operatmg, administrative and other expenses of planning, constructing, rehabilitating, and opperatmy ds sistel housing and may make grants to housing sponsors for the benefit of residents of assisted housing in order to acheve lower rentals for some or all of the units within the assisted housing

41165 The department may provide staffing to anmst the Farmers Home Administration of the Thinted States Department of Agracultule in carrying out assisted-housing prograths in thas state
41166. The department may conduct programs of rental subudes for tenants of existing housing pursuant to Section 8 of the Uuted

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

41167 The department may, upon refuest by a local public entity provide technical assastance or staffing for the purpose of developing applieations and plans for community development fundmg pursunt to the Housing and Community Development Act of 1974 (PL. $93-383$ )

41168 The department shatl endeavor to obtam communty development funds available under Title I of the IIonsing and Community Development Aet of 1974 (P L. 93-383) The department may, if federal funds are avalable, conduct an mnovative neighborhood preservation program
41169 The department may provide technical assistance to any publee entaty or public uthlity undertakng construction mantenance operation, or financing of replacement housing designed for persons displaced because of the acquisition or clearance of land for publec 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 meome households Such programs may melude housing dllowanne payments, homeownership downpayment assistance, homeownership interest subsidy, lersed housmig subleused to very low income honseholds, rent supplement pdvments on behalf of very low income households, or other types of subsidy programs

41171 The department may provide potental housing sponsors and persons and fambies of low or moderate meome such advisory consultative traning and educationd sprviees as will assist them to become owners or tenants of housing financed under this division Such trammg and serveres may melude but ate not limated to, techmenl and professomal plammeg dissistance, the preparation and promulgation of orgamzational plaming and developnent outlines and guides, consultathon services, trammg courses, semmatrs and lectures, the preparation and dissimination of mewhetiors and other pronted materials, and the services of field representitives

The department shall, subject to appropriation by the Legashature. establish a program of such home numagement traning for persons and fambins of low or moderate meme who are oreupants or potentall necupants of anmsted hournig

The dejertment may provide potental housing spomors of multipleunt loubing dea elopurents with adyisory consultative tranng and educationdel bervices in the mandgement of housing

41172 The depotment may provide techmeal assistane and aid to governmental agencles and housmg sponsors for the purpose of provaluge the benefits of assisted hounme to very low mecme households in which the head of household has been previously confined to mstitutional care.

41173 The department may provide comprehensise techmeal as ssistance to triball housing authoritien housing sponsors. and governmental agencies on reservatione ranellertus and on poble donam to frulatate the plammin and orderly development of suatable decent. safe. and sanitary housing for American Indinh resodng in such areds Such asustanees may melude techned assintance m land-use phammer. natural and emaromental resources, and economic resources lipon request of the goverming body of a revelvation or rancherna, the department may act on belalf of the tribal housing duthority and perform the functions theroof and for sach purpose shall have all the powers granted to houmg authorities by Part 2 (commrencing with Section 3420) of Division 13

## Chapter 4 Ohganization of the Gomarsion

41200 There is hereby contmued on existence in state government the Commismon of Houning and Communty Development, which shall consist of nine members apponted bi the Governor with the appronal of the Senate 'Tlie terims of all membere serving on the commission on the effective dite of thin wocton shall expire an of such date and new members shall be appouted

The terms of members of the commissom shall be four years However, of the members first apponted min after the effertive date of this section, two shall be apponted for onl-gede terms, two shall be appointed for tuo-vear tarms, two shall be appontad for theperear terms, and three shall be apponted tor four-year terms Any person
 Subjeet to the quallifatenis preacerbed by tha section for inpountments, ny member shall be eligible tor reappontment Each member shall continue to hold offire after has or her terme expmes unts a sure cessor has been appomted and hirs quallfied

Three of the name members of the commassion shall be appentid from the general puble, three shall be persoms riguged an houmg production, and threr shall be reprementative of houmatg rombumery

A member of the commusion may be remoned for conus liesterns, in assisted hounng shall not be deemed al conflect of moterest

41201 The Governor shall salect a dhatperson from anomg the nembership of the emmmsuon, who shall serve at the pleasurn of the
 shop a viee charpersom The derector shall berve in bermenty of the commission and keep a recerd of the proeredmen of the emmuswon
 at any meeting and the aftirnative vote of five member ahall be mextsary for any detion taken by the commasion at a meeturg exerpo that the commssion may at bo unamous written eonsent of the member, of provided $m$ the rales of the commssion No vatary on the manher-
 all of the 1 bights and perinem all of the dutess of the commonom

41203 Each member of the eommman shall ferent thery-tive ded.
 officual duties and each member shall addtionatly be rembutiod for his
traveling and other expenses neceshary to the performance of his duties. 42104 The commission shall meet quarterly in Sacramento Special meetings may be held on the mall of the chanpeston of the commusson at such tume and place as the chan person may elect Written notice of the tume, place, and object of sucth spectul meetmg ,hali be given by the director to all the nembens at least 15 days before the date of the meeting

41205 The commission shall advise the duector with tespect to broad pohny gudelines for the department It shall alopt, and from time to tume amend, the Cahifornan Statewide Housme Plan. It shall make 1 ecommendations respectimg federd, state, and local legislation affectung housing and communty development

41206 The commisson shall not alopt, amend, or repeal regulations after the effectuve date of this section Whenever any refercnce is made to adoption, anendment, or repeal of rules or remulations by the commission, it shall be deemed to be a refelence to, and to mean, adoption, amendment or repeal of regulations by the department

## Chapter 5 Buming Regulatiovs Review Board

41235 There is in the department a Buiding Regulations Review Board consisting of five members appomited by the Govermor The ten m of office of members of the Bulding Regulations Review Board shall be four years However, of the members first apponted on or after the effective date of this section, two shall be apponted for two-year terms Any person apponted to fill a varmey shall serve only for the unexpured term Any member shall be eligible for reappontment A menber may be removed for eause Each member shall conturar to hold office after hos or her term expires until a buecessor has been apponted and has qualrfied

41296 One of the nembers of the Buldung Regulations Reviex Board shall be designated by the Governor as its charperson The charperson shall call meetmps of the revew bond do necesury to review all ordmances adopted lorally pursumt to Section 179,58 5 The director shall provide staff servires to the review board as requested by the chauperson Members of the buard hall serve without compensation but shall be pal then actual ueressary travel expensen an deteimmed by the State Bordid of Control

41227 Latral modificatioms or thanges adopted pursuant to Section 179.38 . 5 lidll take effect as follows
(a) Modfications and changes adopted prior to Marth 1, 1975, shall remann in effect and shall not be nubject to review pursiant to this chapter
(b) Monfifiratoms and changes adopted on on after the effecture date of this sertion, withont submussom to the hoard tor sevew 30 daw pisio to adoption, wall not take effert untal fomme by the board to be reasonably nerpsany beranse of local rombitums, exept that lowal modifications or changes adopted on an emengent $y$ beass may remam in effect for 120 days wathout review board approval
(c) Modifications and changes adopted on or after March 1, 1975, but before the effective dite of this section, and modifications or changes adopted on or after the effertive date of this section which are submitted to the review board for review 30 days prior to adoption, shall be effective unlesis and untal foind by the review board not to be reasunably necessary because of local conditions

41228 The review board shall enablish procedtues for review of local modifications or changes meludng reconsidesation of its own decisions The review board slall pomptly aduse affected local goreruing bodies by written memarndum of ith findugs and, if adverse, the reasons upon which it has based ats derision

## Chapter 6. Cones and Standards appeats Board

41250 There is in the department a Codes and Standards Appents Board consisting of five members apponted by the Governor upon the recommendation of the durector The terms of office of members of the Codes and Standards Appeals Board shall be four years However, of the members first apponted on or attes the effectuve 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 elagible for reappontment Ench member shall rontinue to hold office aftet his or her tem expires until a surcessor has been appointed and has qualified A member may, howesel, be removed for canse.
41251. One of the members of the Codes and Standards Appeal Board shall be designated by the Governor as its charperson, who shall call meetmgs of the board as necessary to review appeals brought pursuant to this chapter The director shall ponvede staff services to the appenls board, as requested by the charperson Members of the appeals board shall serve without compensation, but shall be pand thein actual necessary travel expenses, as determmed by the State Board of Control.
41252. Any person aggrieved by a rule or regulation of the department adonted pursunt to Division 13. other than Part 15 (commencing with Seefion 17810) of such division, and duy perbon aggrieved by an order, requirpmpnt, or direction of the department or the enforcung agency respecting sith a rule on regulation, may appeal to the appeals board Trie appeats board shall adopt, and mav fiom tume to time amend or sepeal, regulatoms establishmg pioceduren for hearing such appeak, in aceordance with the provismos of chapter 45 (commencing with Section 11371) of Pat 1 of Dusion 3 of Title 2 of the Government Code sum reanlations shall sequme filus of a written petition with the charepestom, and shall adeord a might to puble hearmy and the presentation of onal testmony as well as writen materials The appeals board shall furnith the depantmpat or othen enforcing agency with all written mater ialh subuntted by the appeltant The appellant and the department or lowal enforement agemy may be represented hy legal counsel The bonrd may decide m favon of the appellant if it determines the applation or interpetation of the
regulations in issue was erroneous or unlawful. Decisions and determinations of the appeals board shall be in writing and shall melude written findings A decision of the appeals board slatl 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 hs provided in Article 3 (commencing with Section 820) of Chapter 1 of Part 2 of Division 36 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, meluding a chairperson, the State Treasurer, the Secretary of the Busmess and Transportation Apency, and the Director of Housmy and Community Development, or their designees, and seven members apponted by the Governor The Director of Finance, the Director of State Plaming and Research, and the president of the agency shall serve as nonvoting, ex officio nembers of the board

41302 Members of the board apponted by the Goveruor shall be able persons broadly reflective of the economic, cultural and social diversity of the state, moluding ethme minorities and women However, it is not intended that formulas or specific ratios be applied on order to achieve suel diversity. Of the membess appointed by the Governor, one shall be a representative of local govermment or an executive director of a housing duthority or redevelopment agency, one shall have residential real estate experience in the savings and loan. mortgage banking, or commeredal banking mduatry. one shall have experience as a buider of residential housing, one shall have experience morganized labor of the resudental construction isdustry, one shall have expersence mo the maugement of rental housing occupied by lower income householde, two shall be tenants living in rental housing financed by the ageney or shall be experienced in counseling, assisting, or representing tenants The term of the membere mitially appointed by the Governor shall be as follows
(a) Reprencintative of local government or an executive director of a housming anthority or redevelopment arency-two years
(b) Member expericoned mi roudental real eatate in the sevings and loan or mortgage banking or commereal banking inductry-four years
(c) Member experienced as a bulder of residential housing-six years
(d) Member experienced in orgamized Jabor of the residental construetion midustry--two years.
(e) Member experienced in the management of rental housing occupied by lower income households-four years.
(f) Furst 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 apponted 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 appomed 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.

41308 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 looal public entsty or a tenant of any housing. development, or a director, officer, stockholder, or employee of any savings and loan institution, investment banking firm, brokerage fim. commercial bank or trust company, architectural firm, insurance company, labor union, or any other person, association, or corporation to serve as a nember of the board. When present at a meeting of the board, a board member shall be legally required to partiripate in the deliberations within the meaming of Section 87101 of the Government Code. If any board member has a financial interest, such interent shall be disclosed as a matter of offical puble 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 m which the member has al financial interest

Violations of this section shall constitate grounds for disqualification from offlee as a board member.
41305. (a) $\mathrm{N}_{0}$ member of the board and no officer or amployee of the agency shall be employed by, hold any patd official relation to. or have any financial interest m , any honsing sponsor or any housing development financed or assisted under this part No real pioperty to which a member of the board or an officer or employer of the nyency holds legal totle or in which such person has any finducial interest shall be purchased by the agency or sold by such member of the board or officer or employee of the ugency to a housing sponsor for a housing development to be financed under this part.

Any violation of this section shall be a confliet 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 followng actoms 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 ath offeer of emplogee of the agency has legal title or a financial interest.
(2) Any commotment by the agency to provide finmend assiatance to a housmg sponsor in wheh a member of the board or offieer or employee of the ageney is mployed. holds my offichal relation, or has any financtal interest
(3) Any commanent by the apeney to provide financial dmsistanee to a housing sponsor to wheh red 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 ayrney has or has had legal title or any financal moterest in weh real property.
(c) Any eommoment by the agrent $y$ to provide financial assistance under the cercumstaners sperified in pardgraph (2) or (3) of subdivision (b) shall not be voidable following relrase of the funds. but shall be grounds for accelcration of the loan or prospective termination of a contract of findmeid nsiotance

43106 Board members shall be removable solely for cause
41307. The board shall appout a chairperson, subject to the approval of the Secretary of the Busmess and Trancportatom Agency, who shall serse the ageney in a full-time eapacity, and, when present, shall prende at meptings of the bond The term of the charperson shall be five years The chairperson shatl be respomible for placing poliey alternatives before the board and for providing reprenentation and eontinuing liduon for the ageney with the Lagislature, the Governor, and the various divisions of responsbilaty within the executive bramel, local govermmental antios, and the federal govermment.

41308 The borred shall apponat a president, subject to the approval of the Seremtary of the Busmess and Trampartation Ageney. Who shall werve de the chitef exerutme offiere of the ngemey and shall.
 dey-today operations of the ageney The board shall from tume to time determme the total mamber of athorrech enployes withm the ageney The board thall idetrmme the halaren of those rmployes of the akeney whose soldurs are mot pand from moneys approperited to the agency from the Gemeral Fund, other thun moneys hppopriated by the act ellacetury thas da isiom

41309 The exmpermation of the eftarperrom and the president shall be istablished by the board in surh damounts as are redsonibly neersbrey in the diseretion of tha bead to attrat and hold permons of superior qualifications Inembers of the bard. sther than the ehairpervon, wall wot ricene a seldary hut whall be entithed to a par diem

 any month dad remburement for expense menred on the performance of ther dathe moder tha part, meluelong travel and ofter merenshy

 for the conduct of the bunmes of the ageacy The appointment of
prineipal staff members, an defined by the board, shall be subject to the approval of the chairperson

41311 Notwithstarding the provisums of Sections $110+2$ and 11043 of the Government ('ode, the prendent may amploy as attorney to the ageney an attomery at haw luensed in this state The attorney shall advise the beard. the chairperson, and the promedent, when so requested with regard to all matters in connection with the powers and dutus of the agency and the band members and officers thereot' The athorney shall perform all dutem and servicen at attorney to the ageney whel the agenry may require of ham

However, except as pronded in Section 11040 the Attorstey Gencral shall repressut and appear for the people of the State of C'diforma and the agency in atl court procedong motemg any quabtion under thes division or any order or act of the dereney

41312 The president blall prepare an ammal budert, wheh the chairperson shall present for adoption to the board of directors with his comments

41313 The board shall approw the solle of obligations or securaties and other major contrastual agrements and debt obligations Any other eontractual agrements or debt oblegatom may be appooved by the charperom and the prestent detmeg jomily. pursuant to regulations of the bourd
41314. The areney shall selere a site withm the state at wheh the prinerpal offices of the agermey shatl be lowated

## Cifarter 2. Dimposes and Geveral Provisions

41331 The primary purpose of the agenty shall be to meet the housbug needs of very low meome boundolds dod subject to the avalabilty of subsidies, not less than 30 pereme of the umis finaured by the ageney sidell be made dailable on a pority bish to wis low ineome households The agoney shall make exry effurt to ohtans subfidy funds, so that not lese than 30 pereent of the total number of the following types of units finaned by the aceney at any tme shall be nvailable to very low ine ome households at affordable peuts
(a) All units within houmg developments that have receved a mortgage loan from the dyrmey not meludug umts willim houshag deselopments that have recened only a development bain on eonstrate-
 gage loan from the agency alld tor whell subudich hate hedel reserved which will rable units wathen lem ujen eompletam to be wented to very low mothe hourdonds
(b) ['mits improwal with a rehabilitation lorn from the dgemes in the proportion wheh the areage doilar amount of loan arsetane

 12-montli period

41332 In addition to ats promary purpose the agence shatl ato seek to attan the followmy
(a) Housing developments providing a socially harmonious environment by meeting the housing needs of both very low income houscholds and other persons and families of low or moderate income and by avoldance of concentration of very low income housplolds that may lead to deterioration of a development
(b) Emphasis on housing developments of superior design, appropriate scale and amenties. and on sites convenient to arens of employment, shopping, and publuc facilities
(c) Incrensing the range of housing choice for minority and lowincome persons, rather than mantaining or increasing the impaction 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 existmg housing, 50 as to maximize the impact of financing activities on employment, reduction of honsing costs, and maintenance of local economic activity.
(e) $\Lambda$ balance between metropolitan, nommetropolitan, 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) Mimimization of fees and profit allowances of housing sponsors so fan as consistent with arceptable performance, in order to maximize the benefit to persons and families of low or moderate income occupying units finameed by the ageney.
(g) Full utilization of federal subsidy assistance for the benefit of persons and famhes of low or moderate income
(h) Full cooperation and coordimation with the lopal government agencues of the state in meeting the housing needs of cities, counties, and eitics and comution on a level of govermment that is as close as possible to the people it serves

41333 No proswon of this part shall be construed as a restriction or limitation upon any gowers which the ageney might othervise have unden my law of this state, and this purt is cumblative with respeet to any such pones This part shall be coustrued to provide a complete, additional. and altermatue method for the doing of the things authorzed theicby and shall be reganded as supplemental and additional to powers conferred by other havs IIowever, except as expressly sperified m the part, the inuane of bond of the nyency need not comply witl requarments not contamed in this part which are applemble to the ismatiee of bonds No procechmes, notues, or approval shall be requred for the ssuance of any bonds or any instrment given as security therefor, except as posided in this part Contracts for the construction and arguicition of any homsug developments nindertaken pursuant to this part need not comply with the provinous of any other state law applirable to contracts for the construction and acquisition of
state-owned property However, the agency shall adopt regulations for review of construction contracts to wheh a housing sponsor is a party The agency shall require that construction finaneed by a construction loan from the agency on housing developments other than matnal selfhelp housing not less than the general prevaling rate of per diem wages for work of a similar character in the lomality in whed the construction is performed, and not less than the general prevailugg rate of per diem wages for holiday and overtime work, thall be pard to all workmen employed in such construction exclusive of mamtenance work. The agenry shall determine or require determmation of the general prevailng 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 development, in accordance with the regulations of the agency, which shall impose the same requirements as contained in Section 17775 of the Labor Code. exrept as to differences necessitated by the methods of awardng construction contracts for housing developments. financed under this division.

41334 The exercise of the pouers specified in this division will be in all respects for the bemefit of the people of the state, for their wellbeing and prosperity, and for the improsement of their soctal and economic conditions, and the agency shall not be regured to pay any tax or assessment on any property, other than a honsug development, owned by the agency under the provisoms of this division or upon the income therefrom Any bonds issued by the agen $\cdot \mathrm{y}$ under the provisions of this division, their transfer, and the income therefrom shall at all times be free from taxation by the tate or any political subdivision or other instrumentality of the state, ex'eptung mherstance 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 shatus, color rehurion, natwonal origin. or ancestry. that contractors and subemitractors mongred in the constraction of housing developments shall provide an equal opportunity for employment, withont diwrimmation as to rave, mantal status, sex, color, religion, mational migm, or anmentiy, and that , uch contractors and subeontractors shall submet and recesine apposal of an affirmative action progam pror to the rommenement of ronstruction or rehabiltation Affimatue artion requirements terpecting apprenticeship shall be ennsutent with (hapter 4 (eommeming with Section 3070) of Divishon 3 of the Labor ('ode

All contracts for the management, wonstrution or rehabilitation of housing developments, and contiath let by housine sponsoms, rontractors, and subeontractos in the perfomame of surh mamarement, fonstruction, or rehabintation, whall be let without discimumation at to race, sex, marital atatus, color, rehgon, national on min, or ancestry and pursuant to an rffimatue action pogam 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 partuepation by mmority developers, builders, and entrepreneurs in all levels of construction, planning. finaneing. and management of housmg developments The agency shall adopt rules and resulations to mplement the provisions of thas section

Proor to commsment of financmg, the agency shall require each housing spousor who is not a person or fnmuly of low or moderate meome 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 requre such a housing sponsor to conduct the affirmattive marketing progrdm so approved Additionally, the agency shall supplement the efforts of mdividual housing sponsors by conducting affirmative marketing programs with respect to such housmg at the state level

41:336. It shall be the policy of the agency to coordmate its detruities with the department. It shall be the policy of the agency to condurt its operations so as to be self-sufficient, without subsidy from the General Fund.

## Chapter 3 Financial Provistons

41360. The Calfornia Housing Finance Fund is hereby ercated in the State Treasury The agency shall have exclusive discretion with respect to the admmistration and investment of moneys in the fund Moneys in the fund shall be deposited, as permitted by law, in one or more state or nationdl banks or savings and loan associntions having promerpal offices in this state and which qualify to act as such depositories under regulations of the Secretary of the Busines and Transportation Agency, which slatl be designed to acheve the purposes of this part To the extent publec deposits are permitted by law to be inverted in savigs and lown assomations, the ateney shall allocate deposits between babk and suvinge and forn associdtions in a mamer approximatuig the relditue extent of their particpation as qualified mortgage lemens However, such allocation shall not bre requared to the extent it would result in recept by the agency of an interest rate on such deposits that is lower than the highest menerest rate avalable from an matitution qualified to reerve publec deposits

This uretion shall not, however, prolubit inventment in elyible sereritics pursuast to Section 41363 , and moneys advaneed by the dgency tor the punpos of financme housing uny be tranferred to the romstiuetion limider at the time that the construction loan for surh housmig in retoriled pursuant to sum requarementh or comblions as the deches may determine

All mones in the fund is hereby contmuously appropiated to the agenes for carrenge but the purposen of this part. and notuatistanding the piovioms of ('hapter $?$ (commenemg with Section 128;0) of Part 2.7 of Devison '3 of Tithe 2 of the Govenment Code or the provis.ons of Arthele 2 (commencing with Section 1.3320) of Chapter 3 isf Pirt 3
of such division, applacation of the fund shall not be subject to the supervision or budgetary approval of any other officer or divison of state government However, the agency's budget shall be prepared un consultation with the Secretary of the Business and Transpoitation Agency The agency may p'edge any or all of the moneys in the fund as security for pament of the promeipal of, and menterent on. bonds ssumed pursuant to this part, and, for such purpose or as neerssary or convenment to the accomplishment of ang ather purpure of the agenes. may divide the fund into separate accounts All money decrumg to the ageney from whatever source shall be deposited in the fund

41361 Pursuant to any agreements with the holdes of particular bonds pledgnig any partrular assets, revenues, or moneys the agency may create sepalate accounts in the fund to mandge absets, revenupa or moneys in the manner sct forth in such agreements

41362 Subject to modificution of any agrecment with bondholders, revenue den ived from principal and meterest from mortyage loams slall be deposited ma special account, which shati be used eaclusively for the amortization of debt and the protection of the underlyme mevinta

41363 The ageney slatl from tome to time durect the State Tredsurer to mest moneys in the fund which are not requared for it remrent needs meludmg proceeds from the sale of ally bonds, in such eligible serurities speefied in Section $16+30$ of the Govermment Code is the agenes shall destenate All interest or other incremput pasulting from such investnent shall be deposited in the fund, notwithstanding Spe tion 163057 of the Govermment Code Moneys in the fuad whall not be whejeet to transfer to any other fund pursuant to any provision of l'a t 2 (commeneng with Section 16300) of Division 4 of Title? 2 of the Gorernment Code, including the Surplus Money Investment Fund and slall not be subject to the provisions of Article 45 (eommencing w ith Section 16480) of Chipter 3 of such part

41364 The rgency is authorzed to uthlze such moneva of mas be approprated to the fund from tome to time by the lapgisature for effectuatug its purposes melnding. but not limited fo, the pas memt of the matial expeness of admmastration and operatiom and the extablentment of tescrves or contmuence funds to be availdble for the proment of the promephl of, and the mierest on, uny bonds of the agenery
41365 The ageney shat wathin 90 days following the clove of emoth

 Agenes, the Derector of Houngy and ('hmmunte Decolomment the State Treacurer, and the Lederishature Withan 90 delys followme the close of cach fiscal yedr, the ageney shall abo submit in ammat repoit to the Jomt Legrisitive Audit Commitice and thr Jomt Lequalane Budpet Commoter Eneh surh report hall uet forth a complete operat-
 barr The report aldell yoderfs the number of cunts assisted the datesbution of unts among the metropolitan. nommetiopolitan. and ruma arens of the state, and shall contain a mmmar: of statiation dita
relative to the incomes of households occupying assisted units, the monthly rentals charged to oceupants of rental housing developments, and the sales preses of houving developments purchared duing the previous fiscal year by housing sponsors who are persons or families of low or moderate income The 1 eport siball also melude a statement of acomplishment durmg the prevous year with respect to the dgenes is progres. prowities, and dffrmative detion effort The deence shall caluse an audit of its books and ancoumts to be made at least once durmg each fiscal year by an udependent certified public acrountant

Within 90 days following receipt of the ngency's anmal report, the Jonnt Legrslative Audit Committee and the Joint Leagislative Budget Committee shall submit a report on the agency's activities to the Legıslature

41366 All moneys declared by the ageney to be surplus moneys which are not required to serves bonds insued on behalf of the apency pay administrative expenses of the apency, accumulate neressary operating or lons reserves, or repay loans to the awency from the Gemeral Fund shall be used by the agency to provide special interest reduction programs, subsides for housing developments or oreupants or owners thereaf, or comseling progiams, as authorized by this dismon

## Chapter 4 Geverar, Powfrs

4138.5 The agency shall have all of the following powers,
(a) To sue and be sued in its own name
(b) To have an officulal seal and to alter the same at pleasure
(d.) To have perpetual sucercsion
(d) To mamann offeren at unh phater or plates withen the state in it may desughate
(c) To adopt, and fiom time to time amend and iepeal be action of the board, rules and regulations, not incomsutent uith the provisons

 shall he wlopted, amonderl. reporaled and publined in aceurilanee with





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 ment or wher monpored rights an puperty
(h) To hold, sell, assign, lease, encumber, mortgage. or otheruise dinose of any real or personal property or anv anterest therem; to hold, sell, assign, or otherwise dspowe of any mortgare moment onned by it, under its control or austody, or in its possessums and da applicable, to do anv of the act, sper fied in thas mbitiviens by public or provate sale, with or without puble bddugr, notwithstandong an wher provision of law
(1) To release or relmquish any rught, title, clam lien, mterest easement, or demand however afquird, moludmg any equity or right of redemption in property foredoued by it
(j) To employ arelifects, enginerrs, atturners demounants, housing construction and finaneial onperts, and uach otherendures, ronmetants and deents as mady be neceshry in its judgment mad to fiv therr eompensation
(k) To pronde advice, technical information, and combultatioe and technum sarvere in winnetion with the finmering of housing developments purcuant to this part
(l) To prowure msurane agamst any lase in combection with its
 such amounts and from surlo mures, in it deeme denrable
(m) To entablash, revere from thate to 1 mes, and elange and collect fees and chatges in comectom wath tows made by the durner
(n) To burrow money and issuc bonds, as provided mothen part
 to obtan forleral housing subudien for use winne tom with houng developments,
(p) To do am and all thang neresedry to cam out its purposin and exereme the power everesty armed br the pait

41386 The agewe whe lit be a state repromentatioe for purpores of
 of the ferteral povermment whet are prowided to the state on to the





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 pusidant to nuell contsats.

41389 The ageney may make or undertake commintments to matke development loans, construction loans mortgage loans or advances to housing sponsors to finmere housning devetopments as provided an Chapter 5 (commeneing with Section 41450) of this part

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

41391 Prior to the commitment of moneys under thas part for the finameng of a hounng development as prosided in Articles 1 to 4 melusse, of Chapter 5 (commencing with Sertion 414.50 ) of this part, the agency shall take aderguate medsures to assure (a) the eronomus feasiblity of the housing development, (b) the finamend chaibilty of the homung sponoms and tenants, (c) the comsotency of the poproed. houmy development with the curient homma objertiven of the heency, and (d) the suffiemency of aceres of the housing development to supportug nocial betues, transportation, whook, employnent, and retal moreliduts Wherever possible the geency wall vorify such facts before fildering is conmmitted

41392 (d) The derency may remegotiate, rifinduce, foredowe or contrat for the fureclusure of, any mortorge in defaltand may wave any default or consent to the modifiection of the termin of any mortgage
(b) The ngencey may commence any ation to protert or enforere any right conferred upon it by any law moitgage, contiat, or other agrep-
 thereof at any tareclosure or other sale me may otherwise aryure and take passemon of surh property Subject to any dgreement with bondholders, the agenty may opetate, manige. leame, dinpose of, and otherwise dedl with subh pupperte in suich mamer as may be neemary to protect the merest of the agenev and the holdere of at bemed,








 grame









for effective implementation of the policres and purposes set forth in this part
41397. The agenry shall make the payments and provide relocation assistance, as specefied m Chapter 16 (eommeneing with Section 7260 ) of Division 7 of Tatle 1 of the Government Code, to persons and families displaced in making a site or structure atallable for rehabilitation or constraction findaced under this part or in the alternative may require the housing sponsor recenving a loan commitment purisunt to this part to make such paymunts and proude such assistance, whether such displacement hat wecurred proor to the loan commitment or will oceur subsequent thereto

For purpones of this seetion, displacement meludes relocation oecurring because of mabilty to pay increased rentals resulturg from rehabilatation

41398 The agency shall establash maxmum sale paces for the mital sale of housing developments, the requisition, construction, or rehabintation of whach in tinalued by the agency in antacipation of sale to persoms and families of low or moderate meome The ageney shall also eatablinh maxmum sale prices tor any housmy development whenever the buyer of surh housing development reeraves a mortgage loan from the agency the maximum odes proen establashed by the agency pursuant to this se:tion may provide a reasmable profit to the selher while sarving the purposes of then part

41390 The agemy may make ir ants to nompofit housmes sponsors

 ageney mat make ghant, to houmg tpomsors for the purpose of lowering the rents or corgetative lowneng chatgen on wime or all of the unts withon a housing development
 housing sponsors to entablish suich a procedure or both, for the purpore



 shatl be weted from dhemong derelophent unlen the following requrements ate met
 of the agency
(b) Exithon proceredurgs shall be commenered by the giving of notece
 of the coule of creal l'rowedure and served do ponaded by Sertom 1162
 of the calse for enemon and of the wht of the temat 10 a bedmy




established pursuant to regulations of the agency, shall be held withm 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 plantiff 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 establishmg maxmum percentages of income which a tenant or purchaser may allocate to housing costs, which shall provide consideration for proven abillty 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 (commeneng with Section 41450) of this part, if the loan under either such chapter is for the purchase by a housug sponsor which is a person or family of low or moderate income of a single-unit housing development, the agency shall-
(a) Require an apprasal of the housing development be done by a competent and experienced appraser
(b) Establish a maxımum purchase price for the housing development
(c) Require that the housing development be either newly constructed, recently rehabilitated, or certfied by the local code enforcement agency, or the department to be maod condition
(d) Require that the purchaser intend to oecupy the housing development.
(e) Where the mitial loan is made at below-market interest, require that, if the housing sponsor or subsequent purehaser ceases to be a person or famuly 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 msurance, guarantee, or purchase programs

41403 The ageucy, 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 elmble hourng sponsors on such terms and condations and in such amounts as it deems necessary to accomplish the purposes of this part Such develonment loans and construction loans may be mterest free if sufficient surplus funds exist for such purpose and such loans can be made without jeopardizng 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 elighble 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 pursuart to this section, the agency, as an alternative to disbursmg such loans directly to eligible housing sponsors or low-1ncome induviduals or famılies, 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, nodertake commitments to make, development loans, construction loans, mortgage loans, and advances in anticipation of such lonns to housing sponsors to finance housing developnents.

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 ancilary 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 aqency 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 partucipations therein for finanemg or refinancing of housing developments. Such construction-loan obligations or mortrage-loan obligatious shall be limited as to charges, interest, maximum loan amount, and maximum apprased value pursuant to regulations of the agency, whisch shall be consistent with the purposes of this division Such construc-tıon-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 oblipations held by the agency and may sell securities backed by such pools

41456 The agency may create a secondary mortgage market by (1) investmg in, purchasing, or making commitments to purchase any
obligation secured by a mortgage, or partucipation therein, and selling such obligations or (2) crenting pools of such obliputions held by the agency and issumg and sellung securties backed by such pools The agency shall requre the seller of mortgages purchased by the agency to use the proceeds for the purpose of finaneng housing developments

41457 The agency may insure or guarantep any obligation held by the agency und securd by a mortgage on a single-unt honsing development for the purpose of mereasing its aceeptability or value for sale or as securuty for other obliqations Nothing in this section shall, however, be construed as authorizing the creation of a debt or losbility 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 pubhe or private sale, with or without public bidding, whether directly or through a contract with a private marketing intermedary

## Article 3 Loans to Qualified Mortgage Lenders

41465. The aqency may mike loans to qualified mortgage lenders under terms and conditions requirmg 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 amency may make loans to qualified mortgage lenders under terms and conditums requirng the proceeds thereof to be used by such mortgage lenders for the purpose of making mortgape loans to finance
$41+67$ Loans shall not be made under this article unless they can be made at a lower net merest cost to a housmg sponsor than is available with lodns made under the provisions of Article 2 (commenemg with Section 41455) or Article 4 (eommencing with Section 41475) of this chapter

41468 In connetion with loans made pursuant to this article, the agency may collect, euforce the collection of, and foreclose on any collateral securnge the loriug and may acqume or take possensum of such collateral and sell the same at puble or private sole with or wothout publice biddug, and otherwise derd with such collateral in may be neresary to protect the mienest of the adency therem The exeremse of the poucrs specefied in thin subdiwhom shall be subject to any agreements with bondholders

## Aktiche 4 Lfader of last Resort

41475 Except in provided mins article, the agrency shall not make emistruction lealls or hortyage loms for the parpose of finaneang owne-owedued housing dendenpents unless such loans are made through a quallifid mon tedere hander

41476 la rurat areay the derney may make and undertake com-
 sponsors to finance boume developmente whout the partienpation of a qualified mortgage lender if mo qualified montrage lender will paticipate in finanemg such houshig developments as pronided 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 mitnate or service loans directly at less cost than through use of a qualified mortgage lender.

41477 The ageney may make and undertake commitments to make construction loans and mortgage loans to finance owner-oceupled housing developments where the meome of the owner-ocenpant is no greater than 65 percent of the medun mome for the ared m which the housing development is loeated determined by the United States Department of Housing and Urban Develooment

## Article 5 Supervision of Housing Sponsors

41480 The agency shall do the following:
(a) Prescribe unform 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 ats may be necessary for the purposes of this part
(b) Establush minimum capital reserves to be maintained by nonprofit and lmuted-dividend housing sponsurs of rental and cooperative housing developments.
(c) Fix and alter from time to time a schedule of rerts, such as may be necessary to provide occupauts 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 consustent with the mantenance of the financial integrity of the hnusing development and to provide profits to housing sponsors subject to the lamitations of Section 41481 Any commeremil facihties constituting a portion of a smgie housing development financed pursuant to this part shall, to the extent they recelve the benefit of below-market-rate finameng from the ageney, assist in the support of appurtenant residential facilities
(d) Determme standards for, and control selection by housing sponsors of, tenants and purchasers

41481 The agency maly do any of the followng with respect to housing sponsors of rental and cooperative housing developments.
(a) Through its agents or employeps, enter upon and mspect the lands, buldings, and equpment of a housing sponsor, includurg all parts thereof, and rxamine the books and records of a housing sponsor.
(b) Supervise the operation and nauntuance of nuy housing development and order such repars as may be neepsary to protect the public anterent or the health, safety, or welfare of oceupants of the housing development
(e) Requre any loumng sponsor to pay to the ageney such fees as it may preseribe to defray its costs in urred in connection with the exammation, mopection, supervision, auditm, or other regulation of the housing sponsor
(d) Regulate the retarenment of any eapital investments or the redemption of stock or the distribution of any equity suterest in anv housing sponsor.
(e) Order any housing sponsor to do. or to refrain from doing any act, as may be necassary to coniply with the prowions of state, federal, or local laws, the rules and regulations of the agency, or the terms of any contract beinern the agener and the housing sponsor
(f) Withhold the transfer of construction payments to a housng sponsor ponding adequate porformance, as determmed by the agency, of any acts requared of such housuge sponsor pursuant to the provisions of this part or pursuant to any agreement by and between the ggentey and surh housing sponsor

41482 Every lmated-dividend bonsing sponsor of a rental or aooperatise 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 providng for disposition of property and hmitation of earmme dintribution to an annual amount no greater than $6^{*}$ percent of the equity mursted in the housng development The ageney may permit il disiribution greater than 6 pereent to investors controbutang additmonal equity money to an pxistang hounmg development, or m the case of a housing development over which the ageney has assumed mandgerial and finameal control pursuant to Section 41483

41483 Upon making a determmation that the findmeal status of a rental on rongerative housurg development is sueh as to jeopardize may financhal moterst of the rgeney in surd housmig development, the agener may assumbe managered and findmeial antrol of the housimg sponsor and may supesvise and preseribe the aetivities of the housme sponsor in such manner and under surh terms and conditions as the ageney may provade an ita rules and rearulations or as it may stipulate in any contract with the loung sponms Such eontrol muy be exercised through apponiment by the depency to the govermag body of anch housing sponsor of a number of nen monemern sufferent to constatate a votmar majorsty of the growrumg boty theronf. notwathatandung the provisions of the artelen of uecorporation or other doxaments of organization of the lowaing spolisor

41484 The agemy maty presuribe requlation sperifying the eategores of cost whed ahall be allowable the the romatruetwer orehabilata-

 mat developmenti. axerpt that the board mas approve a water for any housing derelopment or a elas of lounthy sponmors Such rartafiediont of development sost, hatl be subject to audit and verfination by the ngemy

 or asommang doan under the mensman of thas patt in any cont of




 with diy much dethon or procecomg, dpily to the court for the repont-
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 recever shall be appointed unless approved by the agency.

In the event of the reorganzation of any housing sponsor, to the extent permatted by law, such reorganzation shall be subject to the supervision and control of the ageney and no such reorganization shall be effected without the prior written consent of the agency. In the event of a judgment aganst 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 agoney or Attorney General shall take such steps as in res 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 rephicement reserves as the agency may requre, surplus shall be used to reduce rents withun the housing development to a level at which no person or family of low or moderate income occupying the housing development prys nore than the affordable rent Whenever a housmg 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 mome 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 neome in othrer housing developments to a level no greater than the affordable rents
41487 A housing sponsor that is a person or famly of low or moderate meome shall no. recerve finamelal assistance mader this part if such person or family has alrudy received assistance under this part for puchase of otlier real pronerty, unless such property is sold for good cause as determaed by the nyency.

## Article 6 Prorties

41495 In selectong homes and projerts to be financed as loousing developments, the ageney shall give promity consideration to the needs of identifiable grumps within the state which the agency determines have particularly severe hounhg needs Sach groups may melnde, but need not be limited to edderiy persons, hamdeapped persoms, large households, and persons and famulies displaced by governmental action or natural dimater The agency shall ollso comsider rural areas, areas on wheth new construction is nepded, areas in wheth rehabilatation is noeded, and areas of eredto shortage where finaming is needed for the parelase of existing hounng in order to maximize the nupate of the ageney's finamed actaities on employment, reduction of hounng costs, and mantenance of local economie actisty The agenes shatl balance its detivity between urban and ruad areas of the state and betwen nonelderly housing and housing for the elderly and handcapped

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 avalable on a priority basis to very low meome households To be made avalable on a priority basis means that the mit shall be offered exchusively to those withon 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 snfficient subsidies, not less than 20 percent of the units in each housing development of 12 or more units shall be made available on a prority bisis to very low mome households At the time a mortgage loan rommitment 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 avalable on a priority basis withm such housing development to very low meome households, to persons and families of low or moderate income, and to other households If the number of units oucupied by very low meome 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 speeufied in this section untul the number of units occupied by very low income households is equal to the number so occupied initially If unts ongmally made avalable to very low meome honseholds were not originally so occupied, then, subject to the availability of subsidies, such units sladl be made available on a priority basis to very lowincome households as such units become vacant through turnover Nothing in this sertion shall require the agency to allocate more than 25 pescent of the units in any sungle housing development to very low income households, except in the case of housung 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 limat be exceeded Not less than 30 percent nor more than 40 porcent of the very low meome units financed by the agency during each fiscal year shall be designed speesfically for oreupancy by elderly or handieapped persons

41497 The agenry shall assist housing sponsors in obtaining subsidies In selpeting housing developments to be given assistance under thos part, the agency shall give proority to those which are able to obtain subsides but cannot obtam alteruative financing in order to utilize surh subsidies The agency shall make every effort to obtain subsidy funds and nothing in this part shall preclude the agency from meetmg the elighbilty requrements for obtaming federal housing subsidy allocations.

41418 To implement the purposes of this divsion, the ngeney shall develop or reguire housing sponsors to develop resident-selection plans for housing deselopments, wheh shall provide that preference be grven to households displaced by publie action or natural dicaster Such plans shall include cateria for resident selection, which shall establish income limits for residents, and may melude a counselng 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 connseling 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 plaming, replanming, opening, grading, or closing of streets, ronds, roadways, alleys or other places, (2) for the furnishing of utilities or any communnty, municipal or ppblic facilities or services, (3) for the arquisition by a local public entity of property or property rights, or (4) for the furmshing of property or services Any local public entity may, upon finding that a public purpose is served the eby and notwathstanding any other provision of law, enter into such contractual agreements with the agency and to do all thmgs necessary to carry out its oblyations

41511 Nothwithstanding any other provision of state law or any provision of a city or comnty charter to the contraty, the Department of General Services, any other state gaency or officer authorized by law to convey real property of the state, and any local public entity may, in his or ths discretion, from time to time sell, lease for a teim not exceeding 99 years, grant, or convey to the agency or to a housing sponsor desnatated by the gaeney any real property and appurtenances thereto or any interest therein owned by the state or local puble entity whell the agency shall certufy as mecessary for its purposes Such certnfication of need shall be evidenced by a formal reguest from the piesident of the agency Any such sale, lease, grant, or conveyance shall be made with or without consideration and upon such term and conditions as may be mulually ayteed upon by the state or loeal puble entity and the agency Flowever, before any surll sale, lease, gimit. or conveyance is made at lens than far market value, the ayency shall make a findug that the difference betwen the consideration required and fair market value will inure primarly to the benefit of persons and families of low or moderate income

41512 (a) Upon appleation to the department, any city, comonty, rity and county, or combmation thereof apting jointly shall be certified as a local housing agend by the department of the department determmes that the applatant meets the enten an specified in subdinimen (b) If a local housing agent consst of more than one city, country or cily and comenty, eacle surb entity shall induidually meet the croteria of subdivison (b) All appleations of prospective housing sponsors for loans duthorzed by tha part shall be revewed by the local housmen agent, if any, for the area 11 whel housing deithoment to be finaned so poposed to be located The loal hounmer agent hall approve an appheation, unless it expres) finds that the apphation does not meet one or mote of the following ernterm
(1) The proposed loung development conforms with a houshg element that meets the requrements of subduision (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 complance with apphicable federal, state, and lócal laws respecting economic and racial mix in housing

An appheation shall be deemed approved if the local housing agent fanls 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 uffirmative 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 obtam funds for communty 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 jurisduction:
(3) The local housing agent shall develop or specify a procedure, which shall be identified in ats 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 entrty 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 recerved the approval of the local housmg agent This subdivision shall not be applicable to housing developments proposed for areas in wheh 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 tome a local lousing ayent ceases to meet the criteria specified in subdivision (b) or, in the judument of the agency or department, fails to implement or observe procedires approved by the department for review of proposed housing developments, the agency, or department may decertify the local housing agent.

41313 To farelitate coordinated planning on an intergovernmental basis, the agency shall provide an opportunty for review and comment to councils of goveriments certified by the United States Department of Hoasing and Urban Development for the purpose of comprehensive areawde planming, concerning proposed housing developments of more than 25 umits within the respective jurisdictions of such organzations. If such a counch of govermments, within 40 days after recenving notrifcation of a proposed housing development of over 25 units withon its jurisdiction, notifies the agency that it disapproves of such housing development, the agency shall, prior to recordation of a loan to finance the housug development, provide to the counch of goveruments a written explanation of the agency's reasous for proceeding despite such disapproval.

## Chapter 14 Remabilitation and Historio Preservation

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

Upon appleation by a local puble entity, the agency may designate an area withm a eity or eourty as a participating coneentrated rehabiltation area of it makes the following findings
(a) The ared was selected by the governing body of the city or county after citizen participation.
(b) There are a significent number of older and deteriorating structures in sueh area requaring rehabilitation or historie preservation
(c) Rehabilitation assistance is necessary to enable and encourage residents in such area to cooperate in a local program of concontrated code enforcement
(d) Rehabolitation of structures will arrest deterioration in the area.
(e) Rehabilitation of structures in the area is economically feasible
(f) The local publec entity has offered to contract wath the agency
to (1) provide necessary supportang neighborloood publue improvements and services, such as street mprovements, tree planting undergrounding of utility lines, and construction of drainage faclities in the area for which eligibility has been requested, and (2) provide concentrated and continung enforcement of state and local housing and buidng standards in such area
(g) The local public entity has made every effort to prevent unnecessary displacement maccomplishing rehabilatation and has an adequate program of relocation adusory assistance for persons undiondably displaced due to reliabolitation
(h) The supph of hourung avalable to very low meme houseliolds at affordable rents and the supply of housing avalable to persons and famulhes of moderate meome at affordable rents wal not be reduced within the ared because those displaced will recesse relocation payments and be able to obtan standard housing in the areas Alten andively. stindard housing will be aralable at affordable rents in equally desirable neighborioods, expandmg the range of housing opportumties for mmority and low-meome persons
(1) The local public mitity has adopted a housing element memplanee with Section 6.5302 of the Gavermment Code and alopted housing element gudelanes wheh sits forth an effective phan for sistemato enforcement of state and local bulding slandards throughout its , jurisdiction
(J) The appheation is consistent with loen housing ashistanee plans adopted pursunt to the Housing and Communty Development Aet of 1974 (Publec lan $93-3 \times 3$ )

For 150 days following the efferetine dater of thm damion, the dyeney may provide fincmemer under the provisons of tha elapter for hoummer developments withen a proposed conerntaded whabihtation ared. without making the findugen otherwise requmd by tha sertom if prompt

41.51 lipon approvil of a partatpating comentrated rehabolitatoni areat, the department maty etther:
(a) Enter into an agreement with the loeal publice entity for purchase by the agrency of bonds and notes isuoed pursuant to Chapter 3 (commencing with Section 37930 of lart 13 of Dis sion 24; or
(b) Enter into an qurement with the local puble entity for a program of relabilitation asistanee as provided m Sectom 415.52 or 415.53, or both, to be admmistered by the locel puble entety; or
(o) Enter into an agrecment with the locdl publuc entity for a program of rehabilatation sthstaner as provided in Scetion 415ist or 41553, or both, to be administered by the agemy
$415 \overline{5} 2$ Relabilitation assistance fon sugrip-unit housing developments in paitu-jpatmy concentated relabilitatiom areas shall melude any ot all of the following progiams.
(a) A proyn am providing mortgate loms to finance the purehase of sehabilitated houning developments for owner oceupancy
(b) A program providing constrution loan for rehabilitation of housurg developments to be oold for nwner occupancy
(c) A progiom providing rehabilitation loans for rehabihtation of single-unt owner-oec upied housung developments.
(d) A program providng comatuetion loans and moterage loans to owners of single-unt owner-ocerupied housing developments. for the purpose of rehabilitating and refinanemg such homing developments, where the coot of rehabilitation whont refinancing exceeds the financul capabilty of the owner

Relabilitation louns and mortgage loans provided miden thas section shall bear below-matiket merest and shall be made only to perwous and fambine of low ol moderate mome Howeven, lomis nade in a partore-
 been unable on unwilmg to commin addinonal fund for bomang. or
 made at maket mereat equaders of the lunower is ineome, if finameing at market intepet in not other wase maldible
41.538 In additom, relabilatation santame may be povedeal in

 arquation and relabilatation of lefinam mir and rehlablitation of rental and rooperatran houshig dem olopments With terpet to rehabili-
 one but len than five unith in whel the owner of the homane dexelop-
 and the reats rhatiged by the owne thall be tegulated $m$ at mamer consment with manteration of the supply of hounng as for in subdusion ( $h$ ) of Sectom +15.50 With reapecel to chabolataiton loans made to findure rendil hownerg developments of five or mone unta, the

 able nite of ceturn to the hemsing pombor



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

41a55. Upon application by a local public entity the aquency may designate a participating nortyage funds asmitance urea, after soluchting maximum feasible parturipation by lown agencies and communty organizations, if it makes the following findmgs:
(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 stuluctures wheh do not conform to rehabilitation standards Alternatively, the area has deteriorated signficantly but is anticipated to be assisted, within the followng three years, by a rehabilitation assistance prorram, such as provided in this chapter.
(c) Unavailability of mortgage funds is likely to be a promaly cause of deterioration of structures lochted in the area in the future
(d) Mortgage assistance in the area is likely to prevent or arrest deterioration in the area.
(e) Mortrage assistance in the area is economically feasible
(f) The area was selected after citizen participation.
(g) Agency activity in the urea will mue mimarily to the benefit of persons and families of low and moderate mome

41556 In a participating mortgage fund annintance area, the agency may provide mortgage loans at manket miterest to housmg sponsors under an ayrement with the loral publur entity for admmistration by the agency or by the local public entity admumatration of the loan program.
41557. Upon appliation by a local public entity the agency may agree to provide construction loans, rehabilitation loans, and mon trage loans at market interent where nevesary for the mantenanee. restoration, or reloration of hwtorse structuren However, paom to grantugg aloan for the purpose of historic preven vation, the arency thall first determine that the housmg ५ponsor upplying fon ascistance has male a roncerted effort to oblain finaming from private lenders with the usp of a state mortgage insurance program, if surh exists.
41558. Upon application by a local publec entity the ageney may agree to allocate rehabintation aswatance for a catywide or countywule progran of enforement of state aud lowal houmg standats such assistamee maty be administered by the local publie entity or the arency

## Chapter 7 Revenie Bonds

41700 The ageney may from thane to tume ssaue ats negot table bonck in such promespal monomt as the ngency, with the appoosal of the housing bond enedit emmitter, slad! determane to be neerssany to provide sulfin ient funds for finameing homong developments and for the payment of interest on bonds of the direnty, extabliviment of reverves
to secure such bonds and other expenditures of the ageney inetdent to, and needsany or comsurnt to. ssuanme of such bonds
 Treasurer To obtain a date for tha issuame of bonds the ageney shall inform the State Trestarer of the amount of the proposed save Yome such notificition, the State Trestarel shall provite three $\mathbf{1 0}$-day periods, withon the 90 das uext following when the bonds could be issued, subject to appmail of the homang bond eredit eominitere The ageney may ehome any date dorme the surgenterl peifods or any other date to wheh the averes and the State Treasure have mutually agreed The State Tremariv shall sill the bouds on the date chosen

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 standing promeljal matebednem of sum presionsly mowd bonds. mchodag the pasment of ams redemptom promum theroon and any meterest acrerued or to acrerue to the date of redemption of suth bonds Guatanted tavable bonde tu he inned bs the arener mar be nuthorized
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 and Commumat Development A.t of 1974


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 to a ghaluied mondrage bender si both of the following enolitom are mel
(1) The loan to the qualfied mortgenge lember is a geluprat obligation of the mentrate londer .mad
(2) The gladition mentase honden in a member of the Federal Deposit Inmame Corporation on of the Federal Samga and Loals Insurance Corperation
(g) Mousing developments finaneed bv tax-pyempt bonds for which a reserve fund is created that equals at least the average annual debt service on the bends sssued

41701 The atonev may from time to time, isue (1) motes to renew notes and (2) other bomd obligatoms to piry notes, indudiag the interest thereon and whenever it deems refundiner expedrent, to refund any bonds bs the shanne of now bonds, whether the lumds to be refunded have or have not matured. and to wate bende partly to refund bonds then outstanding and partly for any of its purposes

41702 Except us may atherwise be exprestly provided by resolution of the agency, every 1ssue of its bomls wall be general obligations of the ageney payable out of any assets, revenues, or moneys of the dqency, subject only to any arreements with the holden of partieular bonds pledgme any particular assets, revenuec or anomays

41703 The bonds shall be authorized by resolution or resolutions of the agencer, shall bear such date or dates, and shall mature at such time on thmes des such resolution or resolutions man provide. expept that no bond thall mature more than 50 years from the date of its issue The bonds may be ssued as serlal bonds pryable 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, brids maturing at edeh date of maturity need not be equal The bonds shall bear mitereat at wach rate or rates, be in uuch denommatwis, be in such form either conpon or registend, erirry such rexistration privilegea, be executerl in such manner, be pasable mesth medium of payment at sua h plare or phaces within or without the state. and be subject to surh terma of remmptem ins surli remolation or rasolution may provide. The bendes of the atency whall be sold by the State Tredsurer at
 to the date ur dates of any sale or coles

41704 Any resolution or rewolutiom authomeng any bonds or issue tharefor mav contain provimes. wheh shall be a part of the contract or contracts with the hividers the eoff, as to.
(a) Plodinge all or ans part of the rewame of the agomer to serure
 merft, with bondhalinew an may then exist
(b) Pledging all or any part of the imets of the agreney, including
 of the boma or any ssur thereof whent to surh agrecements with


 by the dremey
 and divimation therewif
(a) Limutations on the purposes to wheth the provecis of a sate of bowls mat be apphed and pledging sur he procects to secure the parment of the bonds or of arny irnue theresf
(f) Limitations on the "sunnce of additional bonds the terms upon which additional notes or honds may be issued and secured, and the refunding of outstanding bonds
(g) The provedure, if iny by which the terme of any eontrict with bondholders may be amemted or abrogated. the amount of bonds the holders of wheh must consent thereto, and the manner in whel such consent may be given
(h) Tamitations on the amount of moneys to be expented by the anency for operating expenses of the agenev
(1) Vesting in a trustee or trinten sumh proberty, rights, powers, and dutios in trust in the arency may determine. whwh mav melude any or all of the rights, powers and datien of the trustee apponted by the bondmolders pursuant to thas part and lmating or abrogriting the right of the bondloblers to appoint it tristee or lumiting the rights, powers, and duties of such tristee
(J) Defining the acts or omrssions to act whath shall constitute a default in the obligations and duties of the denency to the holders of the boudn and providime for the rights and remedies of the loolders of the bomas in the erent of such default, meluding as $H$ mater of right the appointment of a recelver However such rights and remedies shall not be membstent whth the general laws of the state and the other provisions of this devision
( $k$ ) Any other mattors. of like or clifterent eharacter, wheh in any way affect the scumty, protection, or mesetment return of the holders of the bouds

41705 Ans pledere made by the eorporation shall be wild and binding foum the time when the pledge is made The revenues, moneys, or property so phatered add theroafter retemed by the ageney shall mmediately be aubject to the lien of warh pledure without anv physieal delavery therest or further act and the hen of anv sueh pledge shall be wald and binding d与 agramet all pertien hating elams of any kind in tort, contract, on otherwise agamet the romeney, mrenpertise of whether such parten hase notere thereof Nether the resolution nor any other matimment by whith a pledra is arratel nend be recorded

4170 , The members of the beard, the prosedant of the dgenev, or duy other perron exneutmge siuch notes on bouds whill not be subject to any persomal lability or accountability bo reason of the asolance therof

41707 Thare is herobe reated a housme bond credit committee mandumed of the State (ontaoller, the State Treasure, the Director of
 thereon thithout rompensition and a majority of whom shall be em-
 the bearal whald whmaif to the erommattere atotement of the purpose


 mattere finds the state 's credit would be bubject to an undole rakk, it
may diselpprove the proposed issuance or reduce the amount of the proposed issuduce

41708 The State Ticasurer shatl act as truste for the corporation and the holderm of tiv bonds Any revolution athorizeng any bonds or issue thereof shall prosidibe the dutios of the State Treasurer with respect to the ssarmer, au'henfuration, hate. and dehvers of the bonds. the payment of promeal and monerst thereof, and the redemptom of the bonds

The asency may provade by an monenture for the deposit of all revenuen recersed from a project $m$ a sepatrate account withe Callformat Housmin Findmee finud under the control of the State Treasurer as truster The momey in such fund whell be disbursed anla as pionided in the indenture

The board may authimete the State Treasimer to act as trustere on behalf of the holders of it bomds, or anv stated pencentage thereof, for the purpose of exeretiz ing and piosecutug on behalf of the holders of the bouds such rights ami remedmes as mave be madiable to such holders However, nothuse in this sectuen whall preclude the appontment of a truatee, other than the Siate Treasurer, to represent and enforee rights of holders of bonds of the colporation if, and $m$ the mamer and undel comditions. provided m the rewolution authonimo the bonds

41709 The State Treasurer or other truster actuge on belatif of bondholders shall hate and pusese dll the powem newpsatry or convenent for the exerebe of any functoms sperefically wet for the the the part or meslent to the gencril rejuesentation of bundholdam me the enforcement and proteretion of there roblth The Superior Court of
 shall be the appropriate venue fors any suit, actom, or promedimen by the truster on behalf of bundiaklers
 as to be negotable motrumbuts under, of subjere to the terma of the Cabforma Dinform Commerelal Code, the bonde and ans seretrity m-
 within the meamin of and for all that purpore of, wad wode, subject only to the provintons of the bonds for randention

41711 In the esent ans of the bearil members or officery of the
 to be such board membere or offier betore the delnes of surbh homsts,
 poses, the same ds if sued boathed members or officer had temamed me office unitil such delivery

41712 ['roceseds detived from the ssturnter of bonds or ser unituc and any merest or other merrment deresed fiom the mentment


 costs, otber expenseb, did subsidy progtams

41713 The agency. in sts discretion and pursuant to dgreements with bondholders, may create and establish me or more spectal adecounts in the California Honsmg Funtere Fuud whelh thall be known as "bond reserve funds" and shall miy into eaph such bond reserve fund (1) any moneys approprinted and madn avalable by the Leginlature for the purpose of such fund (2) any proceeds of sale of bonds to the extent provided an the resolution or resolutions of the agency authorizing the issuance thereof and (3) any other money, which the agency may make walable for the purpose of such bond reserve fund from any other source or sources All moncys held in anv bond reserve fund, except as otherwise provided in this part, shall be used as required solely for the payment of the prmepal of bonds secured in whole or in part by such fund, for the smking 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 pald when such bonds are redeemed prior to maturity However, moneys in a bond reserve fund shall not be withdrawn therefrom at any tume 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 moking, with respect to bonds secured in whole or m part by uoch fund payment when due of principal, interest, redemption premums and the sinkmg fund payments, as provided in this part for the payment of which other moncys of the agency are not avalable Any income or anterest 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 redure the amount of the bond reserve fund below the bond minmum bond reserve fund requirement for such fund

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

41714 The ageney 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 resperve fund wall be less than the minnum bond rescrve fund requmement for such fund unless the agency at the tme of assuanee of such bonds shall deposit in such fund from the proceeds of the bonds to be issuad or from other sources, an amount which. togetlee with the amount then in such fund, will not be less than the bond reserve fund requirement for such fund For the purposin of this clupter, the tem "boml recerve fund requirement" shadl medn, as of any particular date of computation min amount of montry. as provided me the restlution or resolutions of the agency authorizung the bonds with respict to wheh such bond reserve fund is created, that is established is a reserve for current or future obligations to the bondholders.

41715 To assure the contmurd operatson and solvency of the agency and for the earrying out of its corporate purposes provision is made in Section 41713 for the aecumulation m each bond reserve fund of an amount equal to the minumum capial reselve fand requirement for such fund In order to further ussure the mantenance of speecfied bond reserve funds. the agemy may agree with holder of notes or bonds secured by specfic boud rescrve funds that the ehairperson and president of the agency shall annually on on before Novenuber 10 , make and deliver to the Gouernur thear certifiente stating the sum, if any, required to restore each sperefied bond resprve fund to the bond reserve fund requirement for such fund The Govem not shall include in the budget for the following firwal year submitted to the Learislature the sum, if any, requaren to mestore each specified capital reserve fund to the bond reserse fund requirement for such fund All sums appropricted by the Legislature if any and paid to the agriney shall be deposited by the ageney wo the applicable bond reserve fund
41716 The ageney shatl ereate mind establish such other accounts in the Cahforma Llousmes Fimmer Fund as may be necessary or desirable for its agelley purposes
41717. The agency may provide for the issuance of refunding bonds for the purpose of selundang any bonds then outstanding which have been issued under the provision of this chepter meluding the payment of any redemption premim theron and any meterest accrued or to accrue to the date of iedimption of such bonds. and for any purpose of the ageney Tlie issume of such obligations the maturities and other detals therof, the rughts of the holders thereof and the rights, duties, and obligations of the ageney in respect of the same shall be governed by the provisions of this chapter whech relate to the 3 suance of bonds, mofar as such provisions may be appropiate therefor

41718 Refunding bonds issued as provided in Section 41717 may be sold or exchanged tor outstanding bond, issued under this part and, if sold, the proceed thereof way be apphed in addition to any other authorized purposts. to the purelidse, redcmption or payment of such outstanding bonds Peuding the appheation of the proceeds of any such refunding bonds, with any other dvaluble moneys, (1) to the payment of the primelpal, arerued motepent and any redemption premium on the bonds bengr refunded (2) to the paynent of dme interest on such refundmeg bonds or (3) to miny expenses meurred m connection with such refuidng such proceeds may be invested in surh obligations as are permitted under the bond revolution duthorismg the issuance of refundmy bonds
41719 The state doe liereby pledge to and agree with the holders of any bonds sbsued under this part that the state will not lmit or alter the rights hereby vested $m$ the ageucy to fulfill the terms of duy agreements made with the holders thereof on may way mpur thip rights and remedues of suell holders until such bonds, together with the interest thereon, with uterest on amy umpand iustallments of mterest, and all cosis and expense, in comection with any action on proceeding by or on behalt of such holders, are fully 'met and dis
charged The agency is authorized to melude this pledge and agreement of the state in any agreement with the holders of such notes or bonds

41720 Bonds 1 ssued under the provisions of this chapter shall not be deemed to constitute a debt or liablity or oblgation of the state or of any political subdivision thereof or a pletge of the faith and credit of the state or of any such politueal subdivision but shall be payable solely from the revenues or assets of the agency. Each bond issued uncler this chapter shall contain on the face thereof a statement to the effect that the agency shall not be obligated to pay the sume nor the interest thereon exeept from the revenues or assets pledyed therefor and that neither the faith and credit nor the taling power of the state or of any pohiterl subdiviston thereof is pledged to the payment of the promepal of, or the interest on, such bond

41721 The bonds of the agency slall be legal investments in which all publie officers and public bodies of this state, its political subdivisions, all mumepilities and mumeipal subdivisions, all msurance companmes and associations and other persons rarrying on an insurance busmess, all banks, bankers, banking institutions, meluding savings and loan assocations, bulding and loan associations, trust companies, savings banks and savmgs associations, inventment companes and other persons carrying on a bankme business, all admumstrators, guardians, executors. trustees and other fiductares, and all other persons whatsoever who are now or may heredfter be authorized to myest in bonds or in other obligations of the state, may properly and legally invest funds, meluding ecapital, m then control or belonging to them. The bonds may be used by any such private financial motitution, person, or assoriction ds security for puble deposits The bonds are also hereby made necurities wheh may properly and ligatly be deposited with and recenved be whl puble officers and bodics of the state or any arency or political subdiviston of the state and all municepalites and public corparatous for duy purpone for which the deposit of bonds or other obligations of the state is now or may hereafter be authorized by law, including depostis to secure public funds

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













 tallet nropesalt, for legiatation-

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 rughts of persons serving m the state cuval service and employed by the Commisem of Housing and Community Development or the Department of Housing and Community Development shall contmue to be retained by thetn pursuant to the State Civil Service Aet (Part 2 (eommencing with Section 18500) of Division 5 of Title 2 of the Government Code)

SEC 13 The sum of seven hundied fifty thousand dollars ( $\$ 750$,000) is hereby appropriated from the General Fund for transfer to the Californit Housing Fumence Fund, to be used by the Califormia Housing Funance Agency for the intirl expenses of the ageney Within 10 days after the date on whoch this act becomes effective all moneys, appropmated by this section shall be deponted in the California Housing Finance Fund Such moneys shall constitute, and be accounted for, as advances to the agency and a hke amount shall be repaid to the General Fund in the State Treasury, whout interest, not later than January 1, 1986, from all avalable operatmir revenues of the Califorma Housing Finance Agency im excess of amounts required for the payment of bonds or other obligations of the ascency or for its current operating expenses

SEC 14 Section 41193 of the Health and Safety Code, as added by Section 10 of this det, requares the adoption of regulations as a clari: fication, rather than an extenmion, of the oblegation of connties and cities to adopt a housmg rlement in conformity with established guidelines Chapter 1803 of the Statutes of 1971, effective March 4, 1972, made it mandatory that the gundelmes be followed Therefore, no appropriation 15 made by this act, or the regulations to be adopted under this act, under Section 2231 of the Resenue and Taxation Code, for the rembursement of and local arency 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 Heslth and Safety Code, as added by Section 10 of this act, or any regulation adopted pursuant to such section of thas 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-refeired to the Committee on Housing and Community Development

## ADJOURNMENT

At 4.30 pm , Speaker McCarthy declared the Assembly adjourned until 9.30 am , Monday, March 10, 1975

LEO T. McCARTHY, Speaker

ANABEL FLEURY, Minute Clerk

## CALIFORNIA LEGISLATURE

1975-76 FIRST EXTRAORDINARY SESSION

## ASSEMBLY DAlLY JOURNAL

## Thirteenth Legislative Day

Twenty-second Calendar Day

## IN ASSEMBLY

Assembly Chamber, Sacramento Monday, March 10, 1975
The Asspmbly met at 1I 34 a m
Hon Julaun C Dixon, Member of the $A$ ssembly, 49th District, presiding

Assistant Chef Clerk R Brian Kinney at the Desk Assistant Clerk Ray Monday rerdme

## ROLL CALL

The roll was ealled, and the follon ming ansered to their names- 76 .

| Alatore | Cimen | Fersor | Perino |
| :---: | :---: | :---: | :---: |
| Autonws uch | Culler | Kuns | Prolo |
| Arnett | Imats | Laucaster | Rniph |
| Bine | Leetileh | Laturetiman | Rulnmon |
| Banima | minom | Lews | Rosenthal |
| Reman | I bufy | Lumber | Sieglar |
| Beterly | Fweland | Misclomald | Sienory |
| Buthuight | Felituin | Madid) | Sutt |
| liters | Folar | Mcilsiter | Thomas. Yimeent |
| Buike | Gamamendi | Mibemnan | Thomas, Whllinm |
| Cutuo |  | alc Vatue | Thurman |
| Camplell | Ginmer, Bill | statale | Tultes |
| Cumpriter | Givent, beroy F . | Milme | Tucker |
| ('h, emz | thatio | Mohley | Y, Meemeellos |
| Ch,pme | $11.11{ }^{\text {f }}$ | Mimiona | Vicencia |
| Chel | Inaden | Mullh | Wikon |
| Chamble | Tugals | Nescoumbe | Wornum |
| Chime | Kapukit | Nıtumo | Therg |
| Collier | Feere | Itapun | Mr Spenker |

## PRAYER

The following prayer was oftered by the Chaplan, Father Leo McAllister

Lord, Help lawmakers of all nations to commit themselves to the nod of saving surevelng generditions from the seouge of war; to reaffim their fath m hman rights based on the dignty and worth of the human peinon

Help them to pomote 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 whel these culey are bonn Save them from assuming that things are all rught with those who, for one reason or another, choose to reman silent - AMEN

## PLEDGE OF ALLEGIANCE TO THE FLAG

Upon request of Artin! Spuiker Dinon, M1 Anett then led the Assembly in the pledge of allepuance to the Fhay

## READING OF THE JOUURNAL DISPENSED WITH

By unamons consent, reading of the Journal of the prennous legislative day was dispensed with

## LEAVES OF ABSENOE FOR THE DAY

The following Menbers were granted leaves of absence for the day, on personal busmess, and dessed to waive then per diem

Mr Badham, on request of Acthg Speaker Dixon
Mr. Biown, on request of Acting Speaker Dixon
Mr. Warsell, on request of Acting Speaker Dixon
NOTE For letter explaining the absence of Mr Badham on this day, see Assembly Dally Jommal for the Regular Sesson for March 4, 1975, page 1416.

NOTE F For letter explanung the absence of Mr Warren on this day, see Assembly Daly Jonmal fol the Regulat Seasion for this day

## RECESS

At 1135 gm , Actung Speaker Dixon declared the Assembly recessed until 245 pm

## REASSEMBLED

At $2 \cdot 45 \mathrm{pm}$, the Asacmbly reconvened
Hon Julan Dixon, Memben of the Assumbly, 49th District, presiding

## ADJOURNMENT

At 2.47 pm , Acting Speaker Dixon deelared the Assembly adjoumed until 9 a m, Tuesday, Math 11, 1975

LEO T. MeCARTHY, Speaker
ANABEL FLEETRY, Mmute Clerk

## CALIFORNIA LEGISLATURE

## 1975-76 FIRST EXTRAORDINARY SESSION

## ASSEMBIY DAILY JOURNAL

## Fourteenth Legislative Day <br> Twenty-third Calendar Day

## IN ASSEMBLY

The Assembla med at 1021 at m
Hon Loum of lapan, Sumker pra Tempare of the Asambly, presiding

Assistant © "erk his Mondas medmer

## ROLL CALL

The woll was called. and the bollowne ambered to there names--7t


## REGULAR BUSINESS DISPENSED WITH




## LEAVES OF ABSENCE FOR THE DAY

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

Mr Dixm, on request of Speaker pro Tempore Papan
The following Mesubis wis granted lease of absence for the day, on legislatue busness, and dended to wave has per diem.

Mr Knox, on requeat of Sperker pro Tempore lapan
The following Hembero were granted laaves of absence for the day, on personal buntmess, and deaned to walve their per diem.

Mr Budhan, on requent of Sipeaker pro Tempore Papan,
Mr. Warren, onnequest of Spacaker pro Tempore Papan
The followny Member was exeused for the day, and his per diem was waved-
Mr Mrade.
NOTE For letter explamng the absence of Mr Badhum on this day, see Aswembls Daly Journal for the Regular Sesson for Murch 4, 1975, page 1416

NOTE For letter explabing the absence of Mi Warren on this day, see Assembly Daly Jounal for the Regula Session for Mareh 10, $197 \overline{0}$, page 2073

NOTE For letter explaming the abrine of Mr Knox on this day, see Assembls Dalls Journal tor the Rerrilar Sicsomen for this day

## COMḾUNICATIONS

Assembls Chamber, Mareh 11, 1975
Mr Speaker Purshant to your instactions, the Chef Cleik has exaniturd.

AB No 1
And reports the same correetly engiossed
JAMES D DRISCOLL, ('huef Clerk
Above bill re-referred to committee.

## RECESS

At 1023 am , Speaker pro Tempore Papan declared the Asumbla recessed untul 246 pm

## REASSEMBLED

At 246 pm , the Assembly reconvened
Hon Iouin of Papan, Speakpr pro Tempore of the Ascembls, presidng

## ADJOURNMENT

At 250 pm , Speaker pro Tempone Papan declated the Assembly adjourned until 9 aim, Wediesdiy, Mareh 12, 1975

LEO T Mr CARTHY, Speaker
ANABELFLELRY, Mmute Clerk

## CALIFORNIA LEGISLATURE

1975-76 FIRST EXTRAORDINARY SESSION

## ASSEMBLY DAllY JOURNAL

# Fifteenth Legislative Day 

Twenty-fourth Calendar Day

## IN ABSEMBLY

Assembly Chamber, Sacramento Wednesday, March 12, 1975

The Assembly met at $10: 29 \mathrm{am}$
Hon. Louis J Pupan, 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 | Keene | Papan |
| :---: | :---: | :---: | :---: |
| Antonovich | Colher | Keysor | Perino |
| Arnett | Cuaven | Knox | Priolo |
| Badham | Cullen | Lancaster | Ralph |
| Bane | Davis | Lanterman | Robinson |
| Bannai | Peddeh | Lewis | Rosenthal |
| Berman | Dinon | Lockyer | Siegler |
| Bererly | Dufy | MacDonald | Steroty |
| Boatwright | Egeland | Maidly | Thomas, William |
| Briggs | Fenton | Mcalister | Thurman |
| Brown | Fotan | Mcluman | Torres |
| Burke | Garameudi | MrFitue | Tucker |
| Calva | Goggin | Meade | Vasconcellos |
| Campbell | Greene, Leroy F. | Miller | Vicencia |
| Carpenter | Gualce | Mobley | Wilson |
| Chacon | Hart | Montoy a | Wornum |
| Chapple | Huyden | Murphy | Z'berg |
| Chel | Incalts | Nestande | Mr Speaker |
| Cuimbole | Kapioft | Nımmo |  |

Quorum present.

## REGULAR BUSINESS DISPENSED WITH

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

## LEAVES OF ABSENOE 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 busness, and desured to wave them per diem:
Mr. Suitt, 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.
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.

## 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 247 p.m., Speaker pro Tempore Papan declared the Assembly adjourned until $1: 30 \mathrm{pm}$, 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 410 pm
Hon Leo T MeCarthy, Speaker of the Assembly, presiding Chief Clerk James D Driseoll at the Desk.
Assistant Clerk Ray Monday reading.

## ROLL CALL

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

| Alatorre | Callier | Kessor | Perino |
| :---: | :---: | :---: | :---: |
| Antonovieh | Craven | Knox | Priolo |
| Ainett | Cullen | Lancaster | Ralph |
| Badhrm | Davis | Lanterman | Rolunson |
| Bane | Deddeh | Lew 19 | Rosenthal |
| Bamnai | Dran | Tochyer | Slegler |
| Berman | Duffy | MacLumald | Steroty |
| Beverly | Egeland | Maddy | Smitl |
| Boatwright | Fenton | MeAloster | Thomas, Willam |
| Briggs | Foran | Mc「ennan | Thinman |
| Brown | Garamendt | Mevittie | Toures |
| Burke | Goggin | Marale | Tucker |
| Calvo | Greene, Bill | Miher | Vasconcellos |
| Campbell | Greene, Leroy F. | Mobles | Yicencia |
| Carpenter | Gualeo | Nontosa | Wramen |
| Chacon | Hart | Morı | W'ilson |
| Chapple | Hayden | Murphy | Wornum |
| Chel | Ingalls | Nestande | Z'berg |
| Chimbole | Kaploff | Nimmo | $\mathbf{M r}$ Speaker |
| Cline | Keene | Papan |  |

## PRAYRR

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

Lord of Hosts and God of Peoples, We hear Your promse 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-humian weakness

Help us to purify our country and to dicover true greatness as we come to the annuversary of our birth.-AMEN.

## PLEDGE OF ALLEGIANCP TO THE FLAG

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

## MOTION TO DISPENSK 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 ollness -

Mr. Vincent Thomas, on request of Speaker MeCarthy.
RECRSS
At 411 pm., Speaker MeCarthy declared the Assembly recessed until $4: 55 \mathrm{pm}$.

RHASSGMBLED
At 4.55 pm , the Assembly reconvened.
Hon. Leo T. MeCarthr, Speaker of the Assembly, presiding.
ADJOURNMENT
At 4-56 pm, Speaker McCarthy declared the Assembly adjourned until 9-30 a m, Mondey, Mareh 17, 1975.

LEO T. McCARTHY, Speaker
ANABEL FLEURY, Minute Clerk

## CALIFORNIA LEGISLATURE

## 1975-76 FIRST EXTRAORDINARY SESSION

## ASSEMBLY DAILY JOURNAL

## Seventeenth Legislative Day <br> Twenty-ninth Calendar Day

IN ASSEMEBLY

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 Kıdney at the Desk.
Assistant Clerk Ray Monday reading.

## ROLI CALL

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

| Alatorre | Craven | Knox | Priolo |
| :---: | :---: | :---: | :---: |
| Antonovich | Cullen | Lancaster | Ralph |
| Arsett | Davis | Lanterman | Robusson |
| Badham | Deddeh | Lew's | Rosenthal |
| Bane | Dixon | Lackjer | Siegler |
| Bannai | Duffy | MacDonald | Sieroty |
| Berman | Egeland | Mndis | Surtt |
| Beverls | Fenton | McAlister | Thomas, Vincent |
| Boatwight | Foran | McLennan | Thomas, William |
| Briegs | Garamendi | McVitie | Thumman |
| Burke | Gogan | Meade | Torres |
| Calio | Greene, Bill | Miller | Tucker |
| Camplell | Greane, Leroy 5. | M1obley | Vasconcellos |
| Carpenter | Guale | Montoya | Vicencia |
| Chacon | Hatt | Mora | Warren |
| Chappre | Hazden | Murphy | Wilson |
| Chel | Ingalla | Nestande | Wornmm |
| Chimbole | Kapmof | Nimine | Z'berg |
| Cline | Keene | Papan | Mr. Spenker |
| Collier | Keysor |  |  |

Quorum present.

## REGULAR BUBINESS DISPENSED WITH

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

## LEAVES OF ABSEMCE TOR EPEN DAY

The following Member was granted leave of absence for the day, because of a death in hus family:
Mr . Perino, on request o: Speaker pro Tempore Papan
The following Member was excused for the day, and his per diem was warved:
Mr. Brown.

## 

At 11 a m, Speaker pro Tempore Papan declared the Assembly recessed until 301 p.m.

REANGIRABLIED
At 3.01 p m , the Assembly reconvened.
Hon Lous J. Papan, Speaker pro Tempore of the Assembly, presidmg.

## Speaker Presiding

At $11 \cdot 25 \mathrm{pm}$, Hon Leo T MeCarthy, 18th District, presiding.

## REQUEST TO SUSPFED JOIIST RULE 62(a)

Speaker McCarthy was granted unammous 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 Communaty Development on Thursday, March 20, 1975, at 9 a m, in Room 6031.

## ADJOURERKI⿷NT

At 1130 pm , Speaker McCarthy declared the Assembly adjourned until 9 am, Tuesday, Ma:ch 18, 1975.
LEO T. MeCARTHY, Speaker
ANABEL FLEURY, Minute Clerk

## CALIFORNIA LEGISLATURE

## 1975-76 FIRST EXTRAORDINARY SESSION

## ASSEMBLY DAILY JOURNAL

## Eighteenth Legislative Day <br> Thirtieth Calendar Day

## in Assembly

Assembly Chamber, Saeramento

- Tuesday, March 18, 1975

The Assembly met at 1116 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 OALL

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

| Alatorre | Crasen | Knox | Priolo |
| :---: | :---: | :---: | :---: |
| Antonovich | Davas | Lancaster | Ralph |
| Armet | Deddeh | Lanterman | Rolinson |
| Bane | Dixon | Lex is | Rosenthal |
| Banmai | Duffy | Lockser | Siefler |
| Berman | Ereland | MincDonald | Siel oty |
| Beterls | Fenton | Madels | Sult |
| Boatwight | Furan | NeAlster | Thomms Vincent |
| Brıms | Gmammendı | MeLemuan | Thomas Willam |
| Hrown | Goggin | MicVittie | Thunman |
| Buke | Grepine, Bill | Mcade | Torres |
| Calvo | Gigrine. Leros F | Maller | Tucker |
| Campheld | Gualeo | Mobley | Tramencellos |
| Caspenter | Hart | Montosa | Yicencia |
| Chacon | Hayden | Morı | Warren |
| Chappere | Ingalis | Murphy | Wilnon |
| Chel | Kapiloft | Nestande | W゙omum |
| Chimbole | Jenne | Nimmo | Z'luers |
| Clane | Key sor | Papan | Mi Spenker |
| Collier |  |  |  |

Quorum present
REGULAR BUSINESS DISPENSED WITH
By unammons consent. the regular order of busmess of the Assembly was duspensed 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 destred to wave 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 famuly:

Mr. Perino, on request of Speaker pro Tempore Papan.
The following Member was excused for the day, and his per diem was warved:

Mr. Cullen.

## REQUEST FOR UNANHMOUS CONSENT

Speaker pro Tempore Papan was granted unammous consent that the Desk be held open today for the purpose of receiving the Report of the Committee on Housing and Communty 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 bull be considered engrossed

## REOESS

At $11 \mathbf{1 7 a m}$, Speaker pro Tempore Papan declared the Assembly recessed until 301 pm .

## REASSEMBLED

At 3.01 pm , the Assemtily 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, 1975Mr Speaker Your Committee on Housing and Community Developments reports:

AB No. 1
$W_{1 \text { th }}$ 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 earher this day, Assembly Bill No. 1 was taken up, without reference to file, for the puipose of reading the bill a second time, and adopting the committee amendments at this tame.

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 179589 to, to add Division 31 (commencing with Section 41000 ) to, to repeal Chapter 3 (commeneng with Section 17930) of Part 15 of Division 13 of, and to reneal Part 8 (commencing with Section 37000) of Division 24 of, the Health and Safetr Code, and to repeal Section 8 of Chapter 1222 of the Statutes of 1965, relating to housmg, and making an appropriation therefor.

Bill read second time.

## Consideration of Committee Amendments

The following amendments, proposed by the Committee on Housing and Communty 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 msert "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 lmes 2 to 4, inclnsive; and in line 5 of the title, strike out "Division 24 of, to add Section 179589 to,".

## Amendment No. 2

In lines 6 and 7 of the title, strike out "to repeal Chapter 3 (commencing with Section 17930) of Part 15 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 limes 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", msert "Division 24 of".
Amendment No. 6
On page 10 , line 10 , strike out 'SEC 10 ', and msert
"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 countres 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
"(c)".

## 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. 8.2

On page 11, line 22, after "households", insert "and other persons and families of low or moderate income".

## Amendment No. 0.5

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 lone 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 unsert
"(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, ine 32 , strike out " (1)'", 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 nut lines 34 to 37 , inclusive, and insert
"(i) The provision to local governments of the financtal resources statistical data, and terhmeal assistane needed to assist them in meeting housing needs within their respective jurisdictions The term "fimancial resources," as used m this cubdirision, means proceeds from the sale of bonds by the agenev and federal assistance made available to the ageney for any of the purposes of this dmasion"

Amendment No. 13
On page 13, between lines 11 and 12 . msert
" 41005 The Jeggislature finds and declares that full cooperation and comrdination with the crties and countres of the state in meetmg the housing needs of the state on a level of government which is as close as possible to the people it serves is essental if workable housing programs are to be developed and implemented
41006. The Jegislature finds and declares that a number of federal housing programs have faled to reach the fundamental goals and purposes for which they were established, especially 10 urban areas In Calıfornia, this fallure has often been related to maderuate consideration of the relationshp between housing and the community in which the housing is located

It is the intent of the Legislature in puacting this division to seek to avond such falures by providing a comprehensive and balanced approach to the solution of housing problems of verv low inrome households and persons and familips of low or moderate income in the state It 15 further the intent of the Legislature to provide a program which gives consideration, not only to the production and financing of housmg, but also to the social and aesthetic impact of such housing A Cahfornia housing program must consider the distribution throughout the state of such housinge as may be assisted pursument to this division. the avordance of concentrations of very low insome houmbolds, an emphasis on superior desngn meludmy the scale and location of such housing. the preparation of communities and persons arailing themselves of the program, and other factors wheh contribute to a decent living environment
41007 The Legrslature finds and declares that the large equities that the majority of Callforma residents in most economic strata have now accumulated in single-family homes must be protected and conserved
41008 Nothnug in this division shall authorize the mposition of state controls on rents for housing units not finduced 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. 18
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 NTo. 20

On page 22, between lines 9 and 10, insert
""Persons and families of low or moderate nocome" includes persons and famulies 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 hmitations established pursuant to this division for persons and familips of moderate income shall not exceed 120 percent of area median meome; provided, however, that persons and famlies 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 meome for any purpose of this division to distinguish such persons and families from other persons and families of moderate meome. Income limutations for persons and familes of low income shall not exceed 80 percent of the area median income However, the board and the department jointly, or etther acting with the concurrence of the Secretary of the Busmess 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, lme 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 familes".

## 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 hnes 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 Calforma Statewide Housing Plan Upon enactment it shall serve as a state".

## Amendment No. 30

On page 29, strike out lunes 4 to 12, unclusive, and insert "analysis of nonmetropohtan 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 ench metropolitan area, and of each regional planning area designated by the State Offee of Planning and Researeh or by the United States Department
of Housing and Trban 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 avalable, 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, strize out "1974-75", and msert "1975-76".

## Amendment No. 33

On page 29 , strike out lines 20 to 29 , melusive, and msert ' 'number of unts necessary to be built or rehabilitated by July 1, 1980, in order to provide sufficient housung 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 minmum number of households to be assisted which will result in achevmg by July 1, 1980, a substantial reduction m the number of very low meome honscholds and other petsons and families of low or moderate income constraned to pay more than 25 percent of their gross income for housing Income groups to be considered in establishmg such goals shall be designated by the department and shall inelude households a significant number of whech are required to pay more than 25 percent of their gross meome for housing on the effective date of this section, as determined by the department "

## Amendment No. 34

On page 30, line 2, after "commission'", nisert ", for review, comment, and submission to the Legislature,".

## Amendment No. 35

On page 30, line 3, strike out 'contaming', and msert " Such revisions shall become effective 60 days after submission to the Legislature, unless the Legislature, br urgeney statute, postpones or prevents the operation thereof However, the depatment may amend a revision of the plan after subinssion to the Legislature but pror to the expuration of such 60 -day period, and m such case the revision as amended shall become effectise 60 days after submission of such ameudment to the Legislature, unless postponed or prevented by an det of the Legislature.

Such amuual revisions shall contan'".

## Amendment No. 36

On page 30, strike out liues 5 to $\mathbf{1 7}$, inclusive, and msert
"(a) A comparison of the housing gools for the precedmg fiseal year with the amount of constu uction and rehabihtation acheved and housmg 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 fiseal 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. 38
On page 31, line 12, strike out "envronmental 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 r "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' ${ }^{\prime}$.

## Amendment No. 44

On page 31, line 40 , strike out "regulations", and insert "guidelines'".

## Amendment No 45

On page 39 , lines 3 and 4 , strike out "rules and regulations", and insert "guidehnes".

Amendment No. 46
On page 32, hine 5 , after "may", msert ", in connection with any loan or grant application subnitted to the agency,".

Amendment No. 47
On phge 32, line 7, strike out "Committee", and insert "Community".

Amendment No. 48
On page 32, line 13 , strike out "shall'", and msert 'may".

## Amendment No. 48.5

On page 32, line 37, hfter the period, insert "Such grants shall not be made with moneys derived from the sule of bonds "

Amendment No. 49
On page 33, line 6, after "pad", insert "by persons and families of low or moderate meome'.

## Amendment No. 50

On page 33, line 8 , after "desiguating", insert "broad".

## Amendment No. 51

On page 33 , strike out lme 9 , and msert "need on a statewide basis for housing construction or relidbilitition, as identified in the California Statewide Housing Plan, the".

Amendment No. 52
On parge 33 , lines 24 and 25 , strike out "this division", and insert "Section 41512".

## Amendment No. 52.2

On page 39 , 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 noners derised from the sale of bonds"

## 4.mendment No. 53

On page 35 , line 13 , after "may", insert "enter into agreements to".

## Amendment No. 54

On page 35, line 15, stioke ont "carrying out", strike out line 16 , and insert "the conduct of federal loan and giant programs for persons and families of low or moderate mome in this state"

## Amendment No. 55

On page 35 , line 23 , after the period, insert "Howerer, in conducting subsidy programs pursuant to this section, the department wall 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. $\mathbf{5 6}$
On page 35 , line 35 , after "progrum', msert "m cooperation with a local public entity".

Amendment No. 57
On page 35 , line 40 , strike out "land", and msert "real property'.

## Amendment No. 57.1

On pape 36, strike out lines 2 and 3 , and insert
" 41170 The depariment chall develop and, subject to specific authorization and uppromiation by the Legislature or the availability of federal subsidies, mimlement".

## Amendment No. 57.2

On page 36, line 6, after "households", insert "and persons and families of low or nroderate income'".

Amendment No. 57.5
On page 36, strike out lmes 24 and 25 , and insert "printed materals "

## Amendment No. 57.7

On page 36, line 38, after "households", insert "and persons and familes of low or moderate meome"

## Amendment No. 58

On page 37, lume 5, after 'surntable", insert a comma.

## Amendment No. 69

On page 37, line 9, strike out "resources, and economic resonres", and insert "resource plaming, and economic resource plannmg".

## Amendment No. 60

On page 37, line 21, after '"members', mert a period.

## Amendments Nos. 61-64

On page 37 , strike out lmes 22 to 40 , melusive, strike out page 38 , and insert
" 41901 The members shall be appointed by the Governor for fouryear terms, subject to confinmation by the Stute Sennte Members in offire on the effectise date of this diccons shall contmue to hold office until the expiration of their terms, unless removed pursuant to Section 41202 or anv other monsen of lan

The term of an appointment to fill any varancy created prior to the expiration of a trem shall be for the unexpired term only Each member shall contmue to liold office after the expiation of his term untal a surcesson has been apponted and gualified

4120 The (evenom bis power to remove from office at any time, any members of the commisuon for continned neglect of duties sequired by law, or for meompetence, of dohonorable conduct. Nothing in this section shall be constried as a hmutation or restriction on the power of the Govenor, ronfer red on hm by any other provicion of law, to remove ans member of the eommision

41203 The chanman of the commission shall be designated by the Governor from anong the members and shall serse as charman at the pleasure of the Gosemor.
41204. Each commission member shall receive a per diem of twentyfive dollars ( $\$ 25$ ) for each day actually spent in the dscharge of official duties, and each shall be reimbursed for his travelmg and other expenses necessarily ineurred 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 charman of the commission, or on rall 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 Houssing 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 comnussion shall establish the policy for the Department of Housing and Communty Development.
41208. The commission shaH prepare and adopt such minimum standards regulating the use and application of cellular concrete as it determmes 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 , melusive; strike out pages 40 and 41; and on page 42, strike out lime 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

Ón page 42 , line 17 , after "Governor", msert ", one member appointed by the Speaker of the Asseubly, and one member apponted by the Senate Rules Committee."

## Amendment No. $66 . \theta$

On page 42 , strike out line 20, and in line 21, strike out "Governor", and insert
"41302. Apponted members of the board".
Amendment No. 67
On page 42 , line 23 , strike out the second " 1 t ", and insert " $1 s$ ".

## Amendment No. 68

On page 42, lme 25, atrike out "Of the members", strike out limes 26 to 40 , melusive ; and on page 43 , strike ouf hacs 1 to 97 , melusive, and intert
"Members of the board apponted br the Speaker of the Assembly or by the Senate Rules Committee, sholl not be current members of either honse of the Legislature Thie tems of members mutally appomed by the Speaker of the Asecubly and the Senate Rules Commatte slall be four vears

Four members of the board appouted bi the Goveruor shall be persons with any of the quallfications deseribed in the following subdivisions.
(a) An elected officol of a city or county engaged in the planning or moplementation of a lousing, housing-assistance, redevelopment, or housng-rehabihtatuon program
(b) Experienced in residental real estate in the savimes and loan or mortorane bunking or commercial banking mdustry
(c) A builder of residental housing
(d) Experienced in organzed labor of the residential construction industry
(e) Experienced in the management of rental housing occupted by lowe meome lousehold

The terms of such members mithilly apponted by the fovernor shall be two yeare with nespect to the first two appontments and six years with respect to the other two appontments

The members of the board apponted by the Govpruor shall be tenants ling in rental houmg finaneed by the agerner or experienced in conncelung assitmg. or represming tenauts The terme of such members mitally apmontecl shall be six vears for first apponted and two wears for the ofleer member Suceessom to und mithally apponted member, thall be tenants living in ental housmg finaned by the agepley, of inv exist
The term of any member of the board appometed to serve suburquent to the expration of the imital term preseribed by this acetion shall be six yedry Any person apponted to fill a vame on the board shall serve only for the remaminr of the unexpred term Subject to contimed quatifiation, any member of the bourd shall be eligible for redplontment"

## Amendments Nos. 69-76

On page 44 , lime 15 strike nut "Nu", and madt "Exeept for a member acting in lins edpacity an a goremmental offichal, no"

## Amendment No. 77

On page 44, lime 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. 81.6

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 hatson between the agency and the Housing Bond Credit Committee and shall perform such other duties ds may be required by the prestdent or the board The agency shall remburse the Housing Bond Credit Committee for any compensition pand 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 "charperson 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 prompal offices of the agency shall be located in the City of Sacramento."

## Amendment No. 84

On page 47, strike out line 9 , and in he 10, strike out "and", and msert "meet the housing needs of persons and famulies of low or moderate income.
41332. In addition to its primary purpose, the agency shall also seek to attan the following :
(it) Housing developments wheh meet the housug needs of very low meone 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 , lime 40 , strike out " (b) ', and insert
"(e)".

## Amendment No. 81

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 " $(\mathrm{g})$ ".

Amendment No. 96
On page 48, line 28, strike out " $(\mathrm{g})$ ', and nsert " (h)".

## Amendment No. 97

On page 48, ine 31 , strike out " ( h )", and insert "(1)".

## Amendment No. 98

On page 48, line 38, after "agency", insert "or any local public entity'.

## Amendment No. 99

On page 51, strike out lmes 16 and 17 , and insert "'be fiscally selfsufficient and so as not to require appropriations from the General Fund for payment of ats admusistrative costs.

41337 No development or construction loan shall be made pursuant to this part of the agenes determmes that the making of such a loan would result in the permanent loss of a subsidy or a reduction in future subsides due to the fanlure of the agency to use currently avalable subsidies.

41338 Loans made pursuant to this part to limeted-dividend housing sponsors, nonprofit housing sponsors, local public entities, or other sponsors of rental housmg developments shall not exceeed 93 percent of the development costs of the housug development for wheh the lean is made However, such a loan made to a nonprofit housing sponsor may be for not more than 98 percent of development costs of the nonprofit housing sponsor has, or will, participate in the housing development wath another housing sponsor whech has, a substantial past record of surcessful residential development and not more than 25 percent of the onts in such housing development will be occupied by low-meome, nonelderly households"

Amendment No. 100
On page 51 , hene 22, after "Treasury', msert a period

## Amendment No. 100.2

On page 51 , strike out 1 nes 25 to 40 , nelusive, and on page 52 , strike out lue 1 .
A.mendment 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 lmes 5 to 13, nolusive, and insert "The agency may direct the State Treasurer to deposit moners in miterest-bearing neconits in state or national banks or savings and Ioan assoctathons havimg prinelpal offices in this state To the extent public deposits are permitted by law in
sawings and loan associations, the apency 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 recenve such deposits The agency may alteriatively require the transfer of moness in the fund to the Surplus Money Investment Fund for mvestment pursuant to Artucle 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, notwithstandug Section 163057 of the Goverument Code Moneys in the fund shall not be subject to transfer to any other fund pussuant to any provision of Part 2 (commencing with Sectiou 16300) of Division 4 of Title 2 of the Government Code, excepting the Surplus Money Investment Fund "

## Amendment No. 100.9

On page 54, he 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 , struke out " ( $k$ )", and insert " (l)".

Amendment No. 105
On page 55, line 40, strike out " ( $l$ )", and insert " $(\mathrm{m})$ "。

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 " $(\mathrm{p})$ ', and insert "(q)".

## Amendment No. 110

On page 56 , line 31 , after "state", insert "which will inure primarily to the benefit of persons ard 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 requre that mortgage servicing and foreclosure practices, micluding forbearance and recastmg of mortgages in default, conform to ageney regulations"

A mendment 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 nisert "which shall'".
Amendment NJo 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 unsert "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 dension pursuant to regulations of the agency if a request for such a hearing is made to the landlord win 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 msert "of the Cival Cade 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 "Tjpon transfer of title of a new'; strike out lines 20 to 22 , inclusive, and msert
" 414015 The ageney may require a warranty on new or substantually rehabilitated housing developments if such available with insurance coverage offered by an msurer 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 19165 of the Civil Code, that a mortgage parment schedule at market interent 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 meome 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 noderate meome,"

## 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 (commeneing with Section 41475) of this chapter, the ayency may make, or'".

## Amendment No. 124

On page 63 , strike out lines 5 to 10 , inclusive, and insert
"41456 The agenry may mvest m, purchase, or make commitments to purchase any obligation secured by a mortgage or participation therem, and sell such oblgations or create pools of such obligations beld 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 finameing'.

## Amendment No. 125.5

On page 63, line 34, after "developments', insert ", as defined in Section $41043^{\prime \prime}$.

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 reeasting 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 lime 17 ; and in line 18 , strike out "market rents as is", and unsert "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, msert "No housing sponsor shall increase the rent charged on any assisted rental unit without the prior permission of the ageney, wheh shall be given only of the housing sponsor affirmatively demonstrates that such merease is necessary to defray mereased operating costs or avoid jeopardızing the fiscal integrity of the housing development Prior notice of any rent merense shall be given in writmg 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 propused rent marease."

## Amendment No. 132.5

On page 65, lme 35, after the period, iusert "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 Calfforala 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 avalabilty of sufficient subsidjes, not less than 30 percent of the total units receivmg mortgage loans pursuant to this part during each fiscal year shall be made avalable on a prority basis to very low income households Subject to the avaldeblity of suffionent subsidies, not less than 20 percent of the units in each housing development shall be made avalable on a prority basis to yury low income household, except that such requirement shall not apply to housing developments of Jess than 12 units where the ageney finds it is not necessary to make units avalable on the development for sely low mcome households to meet the requirement of making 30 percent of such total unats daalable to very low mome hourcholas UTats required to be made avalable on a priority basis pursuant to this section, shall be offered exclusively to those withm the priority group unless or untal the agency permits the unt to be offered to other potential occupant groups

41497 If at any time, the number of unts in housing developments avaldable to very low income houspholdy falls below 20 percent of the total unts in housing developments, the agency shall immedately notify the Governor, the Speaker of the Assembly, and the Senate Rules Committee and hall recommend such legislation or other action as may be required to make at least 20 percent of the units so avadable
41498 At the tume a mortgage loan conmitment is made to finance any rental housing development, a written agreement between the agency and housing sponsor shall be executed, designatimg the number
of units to be made available on a priority basis within such housing development to very low income households, to persons and famlies of low or moderate ncome, and to other households If the number of units occupied by very low income households in any housing development ever falls below the numbier agreed to by the agency and housing sponsor, then units which become avalable for occupancy shall, subject to avalable subsides be made available on a priority basis to very low income households untul the number of units so occupied equals at least the number specified in the agreement The agency may from time to tine review agreements designating the allocation of units and, subject to agreement with the housing sponsor, may increase the number of units to be made avalable to very low income households of consistent with maintenance of the financal integrity of the housing development and continuarce of permitted earnmgs distributions, or may establish minumum rents or minimum meomes for occupancy of units becoming vacant and not otherwise allocated to very low meome 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 unts in any single housing development to very low income houselolds, except housing desinned for occupducy by elderly or handicapped households or housing developments of 12 units or less, with respect to wheh 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 ageney during each fiscal year for very low meome 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 ont 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, hne 21, strake out "racial", and insert "nondscriminatoly'.

## Amendment No. 145.2

On page 72 , line $3 \overline{3}$, after "shall", msert "whenever possible".

## Amendment No. 146

On page 73, line 17, staike out "or, in the', strike ont lmes 18 to 22, inelusuve, and msert ", the department may decertify the locral housmg agent certfication of the local houbing agent shall be reviewed annually by the agency Recerification shall not be granted of the department finds that, durmer the pecceding year, the local honsmg agent has unedomably demed apmoval of appheations or has ceased to perform its functions under subdivision (a)"

## Amendment No. 146.6

On page 73, line 37 , stake ont 'agency's', and msert "boald's'.
Amendment No. 147
On page 74, strike nut liues 1 and 2 , and insert "Chapter 6 Rehabllitation".

## Amendment No. 148

On page 74, hae 6, strake ont "and hastome preservation", and insert ", refinanemg, and financmg of housing developments".

Amendment No. 149
On page 74, lme 7 , strike out " ['pon'", and insert "41551 ["pon".

## Amendment No. 149.5

On page 74, line 15, struke wut "or historic preservation".
Amendment No. 150
On page 74, lame 26, strike out "tree planting", and insert "landseaping and aequisition of open space'".

## Amendment No. 151

On page 75 , hime 10 , strike out "sets", and insert "set".

## Amendment No. 152

On pagr 75, lme 11, after "buhling', msert "and housing'".

## Amendment No. 163

On page 75 , hme 24 , strike out ' 41551 ', and insert
"415j2".

Amendment No. 154
On page 75 , line 25 , strike out "department", and insert "agency".

## Amendment No. 155

On page 75 , lume 29 , strike out " 37930 ", and insert " 37930 )".
Amendment No. 156
On page 75, line 32, strihe out " 41552 or 41553 ', and insert " 41553 or 41554 ".

## Amendment No. 157

On page 75 , lme 36 , strike out " 41552 or 41553 ", and msert " 41553 or $41554^{\prime}$.

## Amendment No. 158

On page 75, line 38, strike out " 41552 ", and insert "41553".

## Amendment No. 159

On page 76 , line 10 , after "develupments", insert ", with interest rates based on income The highest interest rate shall be market interest' ${ }^{\prime}$.

## Amendment No. 160

On page 76, bme 16, after the period, mert "The terms and interest rates of such loans shall be commernsurate with ability to pay, as established by regulations of the ageme "

## Amendment No. 161

On page 76, strike out limes 17 to 26 , inclusive, and insert
"(e) A program of market-mterest rehabihtation loans provided through an agreement with a qualified mortuage lender under which the mortgage lemeler supplies 75 perecent of the funds for each rehabohtatious luen

Rehabiltation loans provided under this section may be made at market interest to persons or familes other than persons and fambies of low or moderate mome if financing at market miterest is not otherwise avallable"

## Amendment No. 162

On page 76 , line 27 , strske out " 41553 ', und insert "41554".

Amendment No. 163
On page 76, line 39, strike ont "for", and insert "forth".
Amendment No. 163.5
On page 76 , line 39 , strike out " 41550 ', and msert " 41551 '.

## Amendment No. 164

On page 76 , lime 39 , strike out "With", strike out line 40 ; and on page 77 , strike out hmes 1 to $\overline{5}$, inelusare. and insert "I Iousing sponsors receiving mortgage loans pursuant to thas seation shall be subject to supervisum and regulation pursuant to Article $\overline{5}$ (commencing with Section 41480) of Cbapter 5 of thas part Wuth respect to rehabilitation loans, the agency shall require that borrowers contract during the term of the loan not to rase rentals over an anount wheh the rgeney by regulation estableshes will veld a fam mite of return and will allow for increases reasomably necessary to provide and continue proper maintenance of the property Market-interest rehabilitatson loans may be made for residential structures, other than honsing developments, if finaneng at market interest is not otherume available Market-merest ehabilitation loans may be provided through an arreement kith a qualified mortgage lender, winder wheh the mortgage lender supphes 75 percent of the funds for eacli rehabilitation loan"

Amendment No. 165
On prge 77, lme 6, strike out " 41554 ", and insert " 41555 ".

## Amendment No. 168

On page 77, line 16, strike out " 41555 ', and insert "41556".

Amendment No. 167
On page 78 . line 1 , strike out ' 41556 ', and insert "415.57".

## Amendment No. 168

On page 78, line 3, strike out "housing sponsors'", and insert "purchasers of residential structures".

## Amendment No. 169

On parre 78 , lines 4 and 5 , strike out "by the local public entity", and msert "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 Imes 7 to 17, inclusive.

## Amendment No. 176

On pare 78 , line 17, strike out "rehabihtation assistance for", and insert "funds for mortgage loans for relabilitution of housing developments as requared m".

## Amendment No. 177

On page 78, line 21, after "local", insert "bulding and".
Amendment No. 178
On page 80 , line 11 , after "of", insert ", or a subsidary 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 commuttee 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 capaeity The executive secretary wall and the committee in the performance of its duties under this chapter, as directed by the committee, and shall perform the functions specified in Section 413115 The members of the committee other than the executive sceretary shall serve on the committee without compeusation. A majority shall be".

Amendment No. 180.2
On page 83, hine 17, strike out "corporation", and insert "ngency".
Amendment No. 181
On page 88 , line 35 , strike out "SEC. 11 ", and insert
"SEC. 9".

## Amendment No. 182

On pape 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 Communty Development.

## ADJOURNMENT

At 645 pm . Speaker pro Tempore Papan declared the Assembly adjourned until 9 a m, Wednesday, Mareh 19, 1975.
LEO T. MeCARTHY, Speaker
ANABEL FLEURY, Mnute 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 nuet at 1044 a m .
Hon Loms J. Papan, Speaker pro Tempore of the Assembly, presıding

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 | Knox | Priolo |
| :---: | :---: | :---: | :---: |
| Antomoich | Ciaven | Lancaster | Ralph |
| Alnett | Cullen | Lanterman | Robunson |
| Balham | I)nus | Lewis | Fosential |
| Bane | Dedrleb | Tockter | Niagler |
| Banmai | Dixon | MacIonald | Sieroty |
| Belman | Duffy | Madkls | Suitt |
| Beverly | Ereland | MeAlinter | Thomas, Vincent |
| IBatwight | Feuton | MeLeunan | Thomas, William |
| R1igirs | Foran | MeVitte | Thumman |
| Hiown | Gatamend | Meade | Totses |
| Burke | Goggin | Miller | Tucker |
| ( Cll 30 | Gicene, Leroy F'. | Mubley | Vasconcellos |
| Cinmpell | Gualeo | Muntoza | Vicencia |
| Canpenter | Hart | Mor | Wrarrea |
| Clacon | His den | Murphy | Wilson |
| Chapme | Ingalls | Nuytande | Wornum |
| Chel | Kaphloff | Simino | Z'luerg |
| Chimliole | keene | Prpan | Mı Speaker |
| Cline | Kessor | L'erino |  |

Quorum present.

## regular business dispensed with

By unanimous ronsent, the repular order of business of the Assembly was dispensed with fur 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 $2 ; 46 \mathrm{p} \mathrm{m}$., the Assembly reconvened.
Hon. Lous 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. MeCARTHY, Speaker
ANABEL FLEURY, Minute Clerk

## CALIFORNIA LEGISLATURE

## 1975-76 FIRST EXTRAORDINARY SESSION

## ASSEMBLY DAllY JOURNAL

Twentieth Legisiative Day
Thirty-second Calendax Day
IN ASSEMBLY

Assembly Chamber, Sacramento
Thus sday, March 20, 1975
The Assembly met at 415 pm
Hon Leo T McCarthy, Speaker of the Assembly, presiding.
Chief Clerk James D Direoll at the Desk
Assıstant Clerk Ray Monday readıng
ROLL CALL
The roll was called, and the followang answered to then names- 79 .

| Alatore | Colliel | Krysol | Pinolo |
| :---: | :---: | :---: | :---: |
| Antonowich | Cinipm | K110, | Raly |
| Ainett | C'ullen | Inumaster | Rulibuen |
| Ibudham | Intin | Lautetmen | Rumpithal |
| Bane | Deakiela | 1.ewas | Sirgler |
| Ramma | Iryon | Jurkser | Siploty |
| Rermant | Duff; | Viactomatit | Sult |
| Bex erly | Dimplami | Miestas | 7 humis Vencent |
| Boatwight | Fruton | AcAlarer | Thumu Whllam |
| Bumat | Folan | M16 dumnn | 7hnı math |
| Brown | Gamamendi | N, Vulue | Tuspe |
| Binke | (Togytr | IIratic | Tucker |
| Calvo | Gimpor, Ibll | Mrider | Yascoucellos |
| Comphel1 | Ginam, Lecos F | Mulites | Viceneia |
| Carpenter | Simaleo | Montuya | WYathen |
| Chament | Hat | Mind | Wilum |
| ('lappue | Hat den | Himpur | Wornum |
| Chel | Ingalla | Aeataude | Zibers |
| Chimbole | Kalnlus | Inlum | Mu Spenter |
| Chne | Kpene | Yeimo |  |

Quorum present.

## PRAYER

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

Lord, Give to each of us and especally to those in positions of leadership, the courage to go ahead without asking whether others are following or even understand Save us from the momobiluzing desire always to escape critiensm 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 hfe, but only peace of soul m knowing that we are dong what is right That m itself is recompense enough -AMEN

## PLEDGE OF ALLEGIANCE TO THE FLAG

Upon requeest of Speaker pro Tempore Papan, Mr Badham then led the Assembly in the pledge of allegrance 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 alisence for the day, on personal business, and desired to wave has per diem.

Mr. Nimmo, on request of Speaker McCarthy.

## REPORTS OF STANDING COMMITTEES <br> Committee on Housing and Community Development <br> Asヶembly Chamber, March 20, 1975

Mr Speaker Your Committee on Housing and Communty Development reports.
$A B$ No 1
With amendments with the recommendation Amend, do pass, ds amended, and be re-referred to the Commsttee on Ways and Means CHACON, Chamma

## REQUEST FOR UNANIMOUS CONSENT TO TAKE UP ASSEMBLY BILL NO. 1

Mr Chacon was granted undmmous consebt to take up Asembly Bill No 1, without referene to file, for the purpove of readng the bill a second time and adoptug the commitre amendments at thas time

## Second Reading of Assembly Bill No. 1 by Unanmous Consent

Assembly Bill No. 1-An aet to add Division 31 (commeneng with Section 41000 ) to, and to repeal Part 8 (rommenemg with Seation $37000)$ of Dussion $2 t$ of, the Health and Saftety Code, and to reped Section $S$ of Chrinter 1222 of the Statuten of $1960^{\circ}$, relathg to housing, and making an appropridtion therefor.

Bill read second tme.

## Consideration of Committee Amendments

The following amendments, proposed by the Committee on Housing and Communty Development, were read, and adopted.

## Amendment No. 1

On page 13, hne 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 imes 19 to 32, inclusive, and insert
"41127 The department shall annually npdate 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 mare primarily to the benefit of persons and families of low or moderate meome."

## 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 adational"

## 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 charperson 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", aud 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 "loousug developments", and insert "financed by the agency'.

Amendment No. 13
On page 53, line 39 , strike out "mmority", and msert "minorities of low income".

## Amendment To. 14

On page 54, between lumes 29 and 30 , mert
"(j) Promoting the recovery and growth of economurdlly depressed busmesses located in areas of mmority concentration and in mortgage deficlent areas."

## Amendment BTo. $^{15}$

On page 56, Ine 28, after 'programs', msert '"whels shall be at not less than the federal affirmative acton standards unless the board makes a specific furding that the requirement would be unworkable".

## Amendment No. 16

On page 56, line 30, after 'participation', insert "in all projects'"
Amendment सo. 17
On page 56, hine 33, after the word "developments", msert "In areas of muonty concentration the agency shall requre sigmficant participation of minorities in the construction, plannmg, finanemg, and management of housing developments"

## Amendment 30.18

On page 57, lue 27, strike out " 1 f ", and insert "unless'.
Amendment $\mathbb{N o} 0.19$
On page 57, hae 31, dfter the word "and', insert "not less then 20 percent and'".

## Amendment No. 20

On page 57 lme 38 , strike out "The ageney shall", and on phate 57 , strike out limes 39 aud 40 .

## Amendment Wo . 21

On page 58, strike out lines 20 to 24 , inclusive and msert
"Construction loan funds maty be transferred to the ronstauction lender as necessary to meet drans for progrens parments"

## Amendment ${ }^{\text {N }} \mathrm{N}$. 22

On pare fil, hene 8 , ufter the word "efturts", mert "The ageney sharlt specifically melude in sts report on affimative detion goals, slatistical dita on the numbers and penentages of mumity sponson derclopens,
 mortgage bankers or other lenders, manance alents ind monaging agents"

## Amendment No 23

On page 63, lime 35 , after "1uay", msent "enter monto agieements to".

## Amendment 3024

On page 63, line 37, strke out "for the purpose of assistung"; and on page 63 , lune 38 , strike out "such dgency".

Amendment No. 25
On page 67 , between lines 35 and 36 , msert
"(e) Notwithstanding subdivisions (b) and (c), the right to an impartial hearing shall not vest unless
(1) The landlord falls or refuses to pay into escrow rent prevously paid by the tenant under protest of its not being owing, or
(2) The tenant pays into escrow the rent, if any, clamed by the landlord to be due and owing, meluding 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 (commeneing 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 pm , Speaker McCarthy declared the Assembiy 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 DAlLY JOURNAL 

Twenty-first Legislative Day<br>Forty-third Calendar Day

## IN ASSEMBLY

Assembly Chamber, Sacramento<br>Monday, March 31, 1975

The Assembly met at 1059 a m,
Hon Leo T MeCarthy, Speaker of the Assembly, presiding.
Chief Clerk James D Driscoll at the Desk
Assistant C'lerk Ray Monday reading

## ROLL CALL

The roll was called, and the followng answered to their names- 76 :

| Alatorre | Collier | Keere | Papan |
| :---: | :---: | :---: | :---: |
| Antunovich | Craver | Ketsor | Perino |
| Arnett | Cublen | Kı0才 | Priolo |
| Bradham | Dヵs | Indicaster | Ralph |
| Bane | Dedkleh | Jabitelman | Rolmmson |
| Pranima | Dryan | Levis | Roventhai |
| Hemmn | Dıffis | Lockser | Siegler |
| Reverls | Egeland | Macj monald | Sleroty |
| Boatwifhat | Fenton | Mincid | Sutt |
| Thigus | Foinn | Mcalister | Thiniman |
| Buke | Ganamends | Mcldmum | Torres |
| Caluo | ( ${ }^{\text {(1) }}$ gam | Mlende | Tucker |
| Camphell | Greene 13,l | Miller | Virsconcellys |
| Curpenter | Giecne, Jatoy $F$ | Muliles | Ficencia |
| Clucon | Gualeo | Montosa | Wamen |
| Clample | Hall | Moni | Wicoln |
| Cliel | Hisuden | Murphy | Wotnum |
| Cbimbole | Inpalls | Notambe | 2 berg |
| Cline | Kupulait | Nımmo | Mr Sppaker |

Quorum present.

## PRAYER

Upon incitation of Speaker Mc'arthy, the folloning prayer was offered by the Ilonorable Widie I' Deddeh, Member of the Ascembly, 80tlı District

Harraly Father. Give us the wisdom to resognize our weaknesses, the vinon to sec our shortomings, teach ms, $O$ Lord, to be humble and help us so that we may sorve the good people of this state with honor and distinetion - AMEN .

## PLEDGE OF ALLEGIANCE TO THE FLAG

Upon request of Speaker MeCarthy, 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 grauted leave of absence for the day, because of illness.
Mr. Vineent 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 -
$\mathrm{Mr} \mathrm{Mc} \mathrm{V}_{1} \mathrm{ttje}$, 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.
NOTE: For letter explaining the absence of Mr Bill Thomas on this day, see Assembly Dally 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 301 pm .

## REASSEMBLED

At 301 pm ., the Assembly reconvened
Hon Leo T. McCarthy, Speaker of the Assembly, presiding

## ADJOURNMENT

At 3.02 pm , Speaker MeCarthy 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

## 

Twenty-second Legislative $\mathrm{D}_{\text {ay }}$

## Forty-fourth Calendar Day

IN ASSEMDBLY
Assembly Chamber, Sacramento
Tuesday, April 1, 1975
The Assembly met at 1016 a m
Hon Louls J Papan, Speakel pro Tempore of the Assembll, pre-
sidng Chief Clerk James D Driceoll at the Desk.
Assistant Ulerk Ray Monday reading.

ROLL OALL
The roll was called, and the following answered to their names- 72 .

| Antonovich | Collier | Knox | I'apan |
| :---: | :---: | :---: | :---: |
| Atnett | Cianan | Lanmerster | ['erumo |
| Radham | Cullen | Linterman | I'riolo |
| Bammat | Davis | Yen:s | Raiph |
| Perman | Dron | Lochzer | Rrolunson |
| Bevely | Vufty | Maclonald | Roventhal |
| Roatwright | Fhelnid | Matels | Suecrel |
| Butgrs | Feution | Mrallatric | Sierot |
| B10nd | Foun | Matarinmil | Thomas Willam |
| Bunke |  | Mcvithe | Thaniman |
| Calio | Gipeme, Bill | Mrime | T'uchar |
| C'smplhell | Gitune, liplos F. | Miller | Finconcellos |
| C'uluenter | Gualeo | Mohley | Ficencia |
| Chacon | Halt | Muntosa | Watien |
| Chapple | Has ien | Mun] | WVison |
| Chel | Kapulof | Muphy | Wornima |
| Chimbole | Kerne | Nutande | Z'herg |
| Cline | Kevsor | Ninmo | Mi Spenker |

Quorum present

## REGULAR BUSLNESS DISPENSED WTTH

By unmmoun ronsent, the regular ordar of busmess 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 Thonas, on request of Speaker pro Tempore Papan
The following Members were granted leaves of absence for the day, on personal business, and desired to wave then per diem

Mr. Alatorre, on request of Speaker pro Temporè 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 ther per diem was waved:

Mr Bane.
Mr, Garamendi.
NOTE For letter explaining the absence of Mr. Ingalls on this day, see Assembly Danly Journal for the Regular Session for this day.

## REPORTS OF STANDING OOMMITTEES <br> Committee on Ways and Means

Assembly Chamber, March 31, 1975
Mr Speaker: The Charman of your Committee on Ways and Means reports.

AB No. 1
With author's amendments with the recommendation Amend, and rerefer to the Committee on Ways and Means

> FORAN, Charman

## SECOND READING OF BILLS-AUTHOR'S AMENDMENTS

Assembly Bill No. 1-An act to add Division 31 (commeneng with Section 41000 ) to, and to repeal Part 8 (commencmg with Section 37000) of Division 24 of, the Health and Sdfety Code, and to repeal Section 8 of Chapter 1222 of the Statutes of 1965, relating to housmg, and making an approprlation therefor.

Bill read second time

## Consideration of Author's Amendments

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

## Amendment No. 1

In line 5 of the title of the primted 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 consoldated with the 1976 durect 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, Ime 6, after "deposits", insert ", subject to the provisions of Artucle 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 on 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 Ageney to finance housing developments, as authorized in this division, for the primary porpose of meteasing the avalablity of housing withm this state for persons and familes of low or moderate ncome, and to be used to reimburse the General Obligation Bond Expense Revolving Fund pursuant to Section $1672+5$ of the Government Code. Such bonds shall be known and designated as the State Housing Finance Bonds, and when sold, shall be and constrtute a valid and binding obligation of the State of Califorma, and the full farth and eredit of the State of California are hereby pledged for the punctual payment of both proncipal and unterest on such bonds as such prinepal 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 princupal amount exceeding five hundred million dollars ( $\$ 500,000,000$ ), exeluding 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 (commeneng with Section 16720) of Part 3, Division 4, Title 2 of the Government Code.
41803. There shail 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 ordmary revenues of the state as shall be requred to pay the principal and mterest on the bonds maturing in that year, and it is hereby made the duty of all officers charged by law with any duty m regard to the collection of such revenue to do and perform each and every act which shall be necessary to collect such addtional 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 prousions of this part as such prinepal and interest become due and payable
(b) Such sum as is necessary to carry out the pronisions of Section 41805 which sum is appropriated without regard to fiscal years.
41805. For the purposes of carrymg 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 authorived to be sold fnr the purposes speenfied on Section 41801 Any amounts withdrawn shall be deposited in the Califorma Housmg Finance Fund, and any moneys made avallable in such a manner shall be returned to the General Fond from moneys received from the sale of bonds sold for such purposes

41806 The propeeds of bonds issued and sold pursuant to this part shall be deposited in the Californa Honsing Fmance Fund and may be expended only for the purposes specified $m$ this division
${ }^{4} 41807$ On the several dates on whech funds are remitted pursuant to Section 16676 of the Goverument Code for the parment of the then maturing principal and meterest on the bonds in each fiscal year, there shall be returned mito the General Fund in the State Treasury moneys from the California Housing Emance Fund in an amount which is suffient for the payment of pronepal and interest on the bonds then due and payable, if, and to the extent that, the transfer of such moneys from the Californa Housing Fuance Fund will not unreasonably mpar the woiking capital of the Califorma Housing Fomance Agency In the event moneys trausferred from the Californa Housing Finance Fund to the General Fund on such remittance dates are less than the pronepal and miterest then due and payable with respect to the bonds, then the balance remammg unpad, together with miterest thereon at the rate bon ne by such bonds compounded semannually from the date of maturity, shall be returned unto the General Fund out of the Califorma Housug Fimance Fund as soon thereafter as it shall become araulable, without unreasunable 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 (commeneing 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 (commeneing with Section 16720) of Part 3, Drvision 4, Tutle 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 Dreetors of the California Housing Finance Agency.
(c) "Committee" means the Califorma Housing Finance Credit Committee created by Section 41707 of this act
(d) "Fund" means the Califormia 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 herehv called to be held throughout the state on the eighth day of June 1976 The special election shall be consoldated wath the direct primary elpetion to be held on that date The consolidated election shall be held and conducted in all respects as if there were only ons 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 Tegislature shall apply to the measure submitted pursuant to this act A ballot pamphiet shall be prepared enmpiled 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 pronosed by this act The Secretary of State shall distribute the ballot pamphlets to the eounty clerks not later than 45 days before the election and the county clerks shall rommence to mail such pamphlets to the voters not Tegs than 15 days hefore the election The distribution of ballot pamphlets in all respects shall be comducted in accordance with the provisinns of Section 3573 of the Elretions 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 thes act All provisions of the act shall control the submission of Part 4 (commencing with Section 41800 ) of Division 31 of the Heaith 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. condurted, the ballots shall be prepared, marked, collected, counted and canvissed and the restults shall he ascertsined and the returns thereof made in all respects $m$ accordince with the provisions of the Constitution appleable thereto and the law ooverning primary electinns insofar as provisions thereof are appleable 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 therenn and in a square thereaf, the words "For the Housing Fmance Bond law of 1975" and in the gime square under sald words the following in eight-pont type "This act provides for a bond issue of five hundred milion dollars ( $\$ 000000000$ ) to provide funds for finaneing housing " In the spare immediately below the square eontaining such words, there shall be printed on silid ballot the words, "Against the Housmg Fmance Bond Lans of 1975" and in the same square immedhately below sand words in enght-pount type shall be primted "This ant provides for a bond ssue of five homdred million dollars ( $\$ 500000,000$ ) to pronde fand for findmiug housing " Opposite the words "For the Housme Fmance Bobd Itw of 1975 " and "Against the Housing Finanee Bond Latw of 1975," there shall be left spaces mond the woters mav place a eross in the manmer required by law to moleate whether they votr for or agdinst said act, and those rating for sand act shall do so by phamg a pross opposite the worts, "For the Housmg Fmance Bonid Ian" of 197.:" and those voting against the act shall do sn be plateme a cross noposite the words "Aganst the Howing Fmaner Bond Law of 197.5 " provided that where the votug of sueh cleetum is done by means of roting marhmes nsed pursuant to lan m surh mamer as to corre ont the untent of thes section surth use of sum wotme mathmes and the espresemon of the roters' ehoie hy means thereof shill be deemed to 'omple with the provisions of the seetion The Gexemor of thes state shall melude the submssom of the act to the people, as aforestid, on has proclamntion for surh eleption

SEC 10 The votoc east for or agamst the IIousing Finanur Bond Latw of 1973 shall be cointed retumed and rimsased and deelared m the same manner and cubjeet to the smme rules as votus cist for atate nffieers, and if it appeave that satd act shall hane recened in manomity of all the wotes wat for and agamet it at sand elemon an aforesand then the same shall have eficet as herombefore pronded and shatl be wepealable until the princlpal and interent of the labilites herem ireated shall be pand and dowherged, but of a majority of the sotes east as aforesad ate agamet this act then the same slatl be and become void.

SEC 11 I'pon the effective date of this section the Secretary of State slatll equest the Jegislative Analvet to prepare an andyshs of the mersure m accordance with Sretion 88003 of the Government Code Such analyws chall be filed with the Secretary of State withm the tume speerfied ut 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 Chef Clerk has exammed.

AB No 1
And reports the same correctly engrossed
JAMES D DRISCOLL, Chief Clerk
Abave bill re-referred to commuttee
RECESS
At 1017 a m, Speaker pro Tempore Papan declared the Assembly recessed untul 3.01 pm .

## REASSEMBLED

At 301 pm . the Asembly reconvened
Hon Louis J Papan, Spedker pro Tempore of the Assembly, presidıng.

## REPORTS OF STANDING COMMITTEES Oommittee on Ways and Means

Assembly, Chamber, April 1, 1975
Mr Speaker Your Committe on Wavand Means repurts:
AB No 1
With amendments with the recommendation. Amend, and do pass, as amended.

FORIN. Chairman

## ASSEMBLY BILL NO. 1 TAKEN UP BY UNANIMOUS CONSENT

By manimous comvent Asembls Bill No 1 was taken up, without reference to file, for the purpome of reading the bill a second time and adopture the exmmitee ancuduents at the tome

## Second Reading of Assembly Bill No. 1 by Unanimous Consent

Assembly Bill No 1-An art to add Invision 31 (eommencing with Section $4 J(6)$ ) to and to repral l'art $*$ (commenemg with Seetion $3700(1)$ of Divem ef of the Ifeath and Safits Colle. and to repeal
 and makng an appropation therefor.

Bill read second time.

## Consideration of Committee Amendments

The following amendments, proposed by the Committee on Ways and Means, were read, und adopted

## Amendment No. 1

In line 2 of the heading of the printed bull, 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 "Lanter$\operatorname{man}$, ".

## Amendment No. 3

On page 35, line 33, strike out "seventy-five dollars (\$75)", and insert "fifty dollars ( $\$ \mathbf{5 0} 0$ )'.

Amendment No. 4
On page 40, line 20, after the period, msert "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 RTo. 7

On page 47, line 19, after the period, insert "Addtionally, the ageney's budget shall be submitted to the Jomt Legrslative Budget Committee for review and comment "

## Amendment $\mathrm{F}_{\mathrm{ol}} .8$

On page 49 , line 30 , after "accountant", insert "and the agency shall be subject to audit by the Department of Funance not more often than once each fiscal year".

## Amendment No. B

On page 56 , line 2 , after "weeks'", usert "after recenpt by the landlord of the tenant's written request for a hearing'.

## Amendment No. 10

On page 56, line 3, strike out "weight', aud msert "preponderance".

## Amendment No. 11

On page 56, line 10 , strike ont "weight', and insert "preponderance"

## Amendment No. 12

On page 80 between lines 35 and 36 , insert
" 41707 There is herebs created a Housing Bond Credit Committee composed of the State Controller, the State Treasurpi, the Director of Fmance, the president, and an executive secretary The executne secretary shall be appointed by the other foum members of the committee from among two or more nominees submitted by the board, and shall serve durng the pleasure of the committee The executne secretary shall serve in a full-time capacity The executive serretary shall and the committee on the performance of its duties under this chapter, as directed by the committee, and shall perform the functions apecified in Section 413115 The nembers of the committee other thrn the executive secretary shall serve on the committee without compensation A majority shall be empowered to act for such committee Prior to the issinance of any bonds, the board shall submit to the committee a statement of the purpose for which bunds are proposod to be issued and the amount of the proposed issuance The committee shall determme the general adequacy of the program's security in protecting the state's credit If the commuttee finds the state's credit would he 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 '", mosert "any"
Bill ordered reprinted, and to be returned to the second reading file

## ADJOURNMENT

At 540 pm , Speaker pro Tempore Papan declared the Assembly adjourned until' 9 a.m, Wednesday, April 2, 1975

LEO T MeCARTHY, Speaker
ANABEL FLEURY, Minute Clerk

## CALIFORNIA LEGISLATURE

## 1975-76 FIRST EXTRAORDINARY SESSION

## ASSEMBLY DAlLY JOURNAL

## Twenty-third Legislative Day <br> Forty-fifth Calendar Day

## IN ASSEMBLY

Assembly Chamber, Sacrampnto
Wednesday, April 2, 1975
The Assembly met at 10.51 a m
Hon Louis J. Papan, Speaker pro Tempore of the Assembly, presıding

Chef Clerk James D Driscoll at the Desk.
Assistant Clerk Ray Monday reading

## ROLL CALL

The roll was called, and the followng answered to then names-75:

| Antonovich | Craven | Lameater | Triolo |
| :---: | :---: | :---: | :---: |
| Annett | Cullen | Lanterman | Ralph |
| Badham | Davis | Jewly | Robincon |
| Bane | Dedkeh | Lockser | Rosenthal |
| Banuas | Dufly | MaeDonadd | Siegler |
| Berman | Egeland | Maxddy | Sieroty |
| Beret ly | Fenton | McAlister | Sutt |
| Boatwight | Foinn | Melemman | Thomar, William |
| Brags | Garamendl | Mavitue | Thumman |
| Brown | Gogyin | Meade | Tonses |
| Calro | Glepme, Jicros F | Milles | Tucher |
| Campbell | Gualco | Mobley | Vasconcellos |
| Carpenter | Hait | Moniosa | $V$ icencia |
| Chacon | Haxclen | Morr | Wratien |
| Chappie | Ingala | Muriby | IValson |
| Chel | Sapiloff | Nestande | Woinum |
| Chimbole | Feene | Nimmo | Z'berg |
| Cline | Keysol | Papan | Mr Speaker |
| Collier | Knox | Perino |  |

Quorum present.

## REGULAR BUSINESS DISPENSED WITH

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

## (1)

## 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 Papau
Mr Burke, on request of Speaker pro Tempore Papan
Mr Vmeent Thomas, on request of Speaker pro Tempore Pdpan
The followng Member was granted leave of absence for the day, on personal busmess, and desired to watve his per diem

Mr Dixon, on request of Speaker pro Tempore Papan
The following Member was excused for the day; and has per dem was waived

Mr Bill Greene.
NOTE For letter explaining the absence of Mr Alatorre on this day, see Assembly Daly Jourmal for the Regular Session for this day

## CONSIDERATION OF DAILY FILE <br> ASSEMBLY BILLS RETURNED TO SECOND READING FILE PURSUANT TO THE RULES

Pursuant to the Asembly Rulre, the followng 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 mstructions, the Chief Clerk has examined:
AB No. 1
And reports the same correctly engrossed
JAMES D DRISCOLL, Chef Clerk
Above bill ordered to third ieading

## RECESS

At 10.53 am , Speaker pro Tempore Papan declared the Assembly recessed untul 246 pm .

## REASSEMBLED

At 246 pm , the Assembly reconvened
Hon Louss J Papan, Speaker pro Tempore of the Assembly, presiding.

## ADJOURNMENT

At 249 pm , Speaker pro Tempore Papan declared the Assembly adjourned untıl 130 p m, Thursday, April 3, 1975.

LEO T MeCARTHY, Speaker
aNABEL FLEITRY, Mnute Clerk

## CALIFORNIA LEGISLATURE

1975-76 FIRST EXTRAORDINARY SESSION

# ASSEMBLY DAILY JOURNAL 

Twenty-fourth Legislative Day<br>Forty-sixth Calendar Day

IN ASSEMBLY

# Assembly Chamber, Sacramento 

Thursday, April 3, 1975
The Assembly met at $3 \cdot 33 \mathrm{pm}$
Hon Leo T MeCarthy, Speaker of the Assembly, presiding.
Chief Clerk James D Driscoll at the Desk.
Assistant Clerk Ray Monday reading

## ROLI OALL

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

| Alatorre | Collier | Kezsor | Perino |
| :---: | :---: | :---: | :---: |
| Antonovich | Craven | Knox | Priolo |
| Araett | Cullea | Lancaster | Ralph |
| Badham | Davis | Lantel man | Rohinson |
| Bane | Deddeh | Lewns | Romenthal |
| Bannar | Dixan | Lockyer | Siegler |
| Berman | Duffy | MacDonald | Sleroty |
| Beverly | Egeland | Maddy | Sutt |
| Roatwright | Freuton | McAlister | Thomas, Wjluam |
| Briggs | Foran | MicLennas | Thurman |
| Brown | Garamend | MeVattie | Torres |
| Burke | Gorgin | Meade | Tucker |
| Calvo | Greene, Bill | Miller | Vasconcellos |
| Canppell | Greene, Leroy F, | Mobley | Yicencia |
| Carpenter | Gualco | Montoja | Warren |
| Chacon | Hart | Morı | Wilson |
| Chappre | Has den | Murphy | Wornum |
| Chel | Ingalls | Nestande | Z'berg |
| Chimbrale | Krpuloff | Nimmo | Mr. Speaker |
| Cline | Kenne | 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 MeCarthy, 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 OOMMITTRES <br> 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 81 (commeneing with Section 41000) to, and to reped Part 8 (commencong 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 , relatmg to housing, making an appropridion therefor, and providing for the preparation, issuance, and sale of state bonds to create a fund to be used by the Callfornia Housing Finance Agency to make loans for finanemg 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 (AYES67; NOES-11):

| AYES |  |  |  |  |
| :---: | :---: | :---: | :---: | :---: |
| Alatorre | Duffy |  | Lockyer | Robinson |
| Arnett | Egeland |  | MacDonald | Rosenthal |
| Bamual | Fenton |  | Maddy | Slegler |
| Berman | Foran |  | McAlister | Steroty |
| Beverly | Gatamendi |  | MicVitue | Suitt |
| Boatwright | Goggin |  | Meade | Thomas, Wullam |
| Brown | Greene, Bull |  | Miller | Thurman |
| Calvo | Grcene, Leroy | F | Nobley | Torres |
| Carpenter | Gualco |  | Montoya | Tucker |
| Chacon | Hart |  | Mors | Vasconcellos |
| Chappie | Hayden |  | Murphy | Vicencia |
| Chel | Ingatis |  | Nestande | Warren |
| Chimbole | Kapiloff |  | Nimmo | Wilson |
| Cnlien | Keene |  | Papan | Wornum |
| Davis | Ke3 sor |  | Perino | Z'berg |
| Deddeh | Knox |  | Priolo | Mr. Spenker |
| Dison | Lewis |  | Rajph |  |
| NoEs |  |  |  |  |
| Antonovich | Burke |  | Collier | Lanterman |
| Bnilham | Campbell |  | Craven | MeLennan |
| Briggs | Clune |  | Lancaster |  |

Bill ardered transmitted to the Senate.

## Speaker pro Tempore Presiding

At 3.37 pm , Hon. Louis J. Papan, 19th District, presiding.

## RECESS

At 358 pm , Speaker pro Tempore Papan declared the Assembly recessed.

## REASSEMBLED

At $4-16 \mathrm{pm}$, the Assembly reconvened.
Hon. Leo T MeCarthy, Speaker of the Assembly, presiding.

## VOTE CHANGEB

The following Member was granted unanmous consent to record his vote:

On Assembly Bill No. 1: Mr. MeLennan, "No".

## ADJOURNMENT

At 4.17 pm , Speaker McCarthy declared the Assembly adjourned until 10 a m, Monday, April 7, 1975

LEO T. MeCARTHY, Speaker
ANABEL FLEURY, Minute Clerk
-

## CALIFORNIA LEGISLATURE

1975-76 FIRST EXTRAORDINARY SESSION

## ASSEMBIY DAIIY JOURNAL

## Twenty-fifth Legislative Day <br> Fiftieth Oalendar Day

## IN ASSEMBLY

Assembly Chamber, Sacramento Monday, April 7, 1975
The Assmbly met at 106 pm
Hon Leo T MeCarthy. Speaker of the Assembly, presiding Chief C'lerk James D Driscoll at the Desk
Assistant Clerk Ray Monday reading.

## ROLL CALL

The roll was called, and the following answered to then names- 79 :


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Asmett Badhanı 13anm Rathat Berman Ital Crl Rontwiribt Hurss Hiowis
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Thomas Vincent
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Tucher
Vasconcellos
Viernela
Warien
Wilson
Wosnum
Z'berg
M. Speaker

Quorum present.

## PRAYER

The following prayer was offered by the Chaplain, Father Leo Me. Allister:

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 compellug reason on earth for offering thanks to Yon 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 prased 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 allegance 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 ABSENOE 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 explaning the absence of Mr. Ingalls on this day, see Assembly Danly 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 makng an dppropriation 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 prunted bull, as amended in Assembly February 20, 1975, strike out "Commission", and msert "Department".

## Amendment No. 2

On page 3. line 18 , after the comma, insert "or, at the department's option, the Collforma Housing Finance Agency areated 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 lmes 1 to 3 inclusive, and insert
"(a) "Contracting arency" mpans pither the Department of Veterans Affairs or the Califnriva Housing Finance Agener, whehever of such agencles contracts with the department pursuant to Sertion 37968
(b) "Department" means the Department of Housing and Commamity 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 msert "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 Calfomin Honsing Finamee Agency"

## Amendment No. 8

On page 4, line 31, strike out "commission" and insert "department".

Amendment No. 9
On page 4, line 33, strke out "department", and msert "contracting agency".

## Amendment No. 10

On page 4 , lme 36 , strike out 'commssion', and insert "department'".

## Amendment No. 11

On page 4, line 37 , strike out "depaıtment", and insert "contracting dgenes"

## Amendment No. 12

On page 4, line 38, strike out "department", and msert "contracting agency'.

Amendment No. 13
On page 5, line 3 , strike out "Conumsion", and insert "Department".

Amendment No. 14
On page 5. line 6, strike vut "Depaturent of Veterans Affars", and msert "contactung 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 msert "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 "commssion'", and msert "department".

## Amendment No. 22

On page 5 , strike out lines 31 to 34 , melusive, 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 "foree', insert a comma.
Amendment No. 30
On page 6, line 10, strike out "commission", and insert "depart ment'.

## 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 Rfo. 33

On phge 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 befnre 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, rehgion, national origin, ancestry, or sex, and that contractors and subcontiactors engared in the rehabilitation of housmg funded by a loran insured pursuant to this part shall provide an equal opportunity for employment without discrmination as to race, color, religion, national origin, ancestry, or sex.

All contracts for the rehablitation of housing funded by a loan insured pursmant to this part shall be let without discrimination as to race, color, religion, ational osigin, ancestry, or sex and purswant to an affirmative retom propram which thall be at not less than federal affirmative action standards, unless the department makes a specific finding that the particular requirement would be monwable."

## Amendment No. 36

On page 6, line 34, strike out "conmission", and insert "department".

Amendment No. 37
On page 6, line 35, strike out "department'", and insert "contracting agency".

## Amendment $\$$ So. 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 $\$ \mathbf{N o} .40$
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 NTO. 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 ageney".

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 "commssion", and insert "department'".

Amendment No. 48
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 , stroke cout "romminston" and msert "departmati"

## Amendment No. 53

On page 9, line 8, strike out "ilepartment", and insert "contracting agenire"

## Amendment No. 54

On page ?, line 28, sthle' out the first "commasion", and msert "department"

Amendment No. 55
On page 9, lime 28, strike out the second "commasom", and msert "department"

## Amendment No. 56

On pare 9, line 39, strike out "commission", and insert "department"

## Amendment No. 57

On page 10 , line 90 , strike out "dejrartment", and insert "contiacting dgency'"

## Arrendment No. 58

On page 10, hne 26, strike out "commisumn", rud insert "department"

## Amendment No. 59

On page 10, lme 28, strike out "commission'", and insert 'department"

Amendment No. 60
On page 10, hne 30, statee out "rommusuon" , and maert "department,"

Amendment No. 61
On page 10, lme 34, stilke out "eommeston", amd msert "ilepartment'".

## Amendment No. 62

On page 10, line 3h, strike ont "eommisulm", and msert "rlepartment "

## Amendment No. 63

On page 10 , lme 37 , after "loan", wisit a comma
Amendment No. 64
On page 10, lme 39, stake out 'aommiswion', and insert "department"

## Amendment No. 65

On page 10, line 40, strike out "departmpht", dind turert "romtadet ing dremey"

## Amendment No. 66

On pagre 11, line 2, strike out "rommashon", amd marit "rlepartmont"

Bill ondened repunted, and to be re-ipferred to the committee on Way> and Means

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

The following bell was introlured, read the fint tame ami ondered held at the Derks

Assembly Bill No. 6: By Assemblyman Mc $\mathrm{T}_{1}$ tite-An det to aild Part 315 (commenemg with Sertion 378801 to brason 24 of the
 ation therefor

## RECESS

At 1.07 pm , Speaker Mcc'nth declared the Asmembly revesend

## REASSEMBLED

At 245 pm the Asspmbly 1 eromened
Hon Leo T MrCartly, Speaken of the Assmbly, preanding

## ADJOURNMENT

At 246 pm . Speaker Mectarth declared the $\Lambda$ scombly atjourned untul 8 dm . Tuenday, Aprul S, 1475
JEOT McCARTHY, Speaker
ANABEL FLEURY, Mmute Clerls

## CALIFCRNIA LEGISLATURE

1975-76 FIRST EXTRAORDINARY SESSION

## ASSEMBIY DAIIY JOURNAL

ITwenty-sixth Legisiative Day<br>Fifty-first Calendar Day

## IN ASSEMBLY

Assembly Chambre, Sucramento
Tuesclay, April 8.1975
The Assembly met at 1026 a m
Hon Robert $P$ Nimmo, Nember of the Asembly, $99+h$ Distrect, presiding

Chef C'lerk James D Dirseoll at the Desk
Assistant Clerk Ray Monddy redding.

## ROLIL CALIL

The xoll was called, and the followmy answered to thene unaes- 77

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| Cline | $\mathrm{Kaz}^{2} \mathrm{OL}$ | L'pillua | Mo Sumaker |
| Collier |  |  |  |

## Quorum presint

## RTMGUAR BUWNNESS DISPENSED WITH

By unammous rombent, the reguldi order of busmess of the Assembly was disfunsed with for thas legalatave day.

## LEAVES OF ABSENCE FOR THE DAY

The following Member was gianted leave of absence for the day, because of illuess
Mr Burke, on request of Acting Speaker Nimmo
The following Member was excused for the day, and his per diem was warved
-Mr Meade.

## COMMUNICATIONS

Assembly Chamber, April 8. 1975
Mr Speaker. Pursuant to your matructions, the Clinef Clerk has examned
AB No 2
And reports the same correctly engrossed
James D. DRISCOLh, 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


## RECESS

At 1027 am . Acting Spedker Nimm, dectared the Assembly recessed

## REASSEMBLED

At 245 pm , the Assmbly reconvened
Hon Robert $P$ Nimma, Member of the Assembly, 39 Dh Distret, presiding.

## ADJOURNMENT

At 246 pm , Acting Sperker Nimmu declared the Assemhly adjourned until 9 a m, Weduendsy, April 9, 197 A
LEO T Mec'ARTHY, Speaker
ANABEL FLEURY, Mmute Cleık

## CALIFORNIA LEGISLATURE

## 1975－76 FIRST EXTRAORDINARY SESSION

## ASSEMBLY DAlLY JOURNAL

## Twenty－seventh Legıslative Day <br> Fifty－second Calendar Day

IN ASSEMBLY

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Assembly Chamber，Saciamento Wednesday，\(\Lambda\) pisl 9， 1975
The Assembly met at 1010 a m
Hon Joha F Foran，Member of the Assembly，16th Dostruct，pesid－ ing
Chief Clerk James D Dirscoll at the Desk
Assistant Clerk Ray Monday readmg
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## ROLL CALL

The roll was called，and the followng answered to thene names－it

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| Collser |  |  |  |

Quorum present

## REGULAR BUSINESS DISPENSED WITH

By unmmous comsent，the tepuldr ondet of busines of the Assem．
bly was dinpensed with fou thus leyshative day

## LEAVES OF ABSENCE FOR THE DAY

The followng Membens were granted leaves of abener for the day on personal busmess, and desmed to ware there per diem

Mr Alatone, on raquent of Acthg Sporker For an
Mr. Duffy, on lequest of Actung Speaker Foran
NOTE For letter explamme the abseme of Mr Duffy on thas day, see Asspmbly Daly Jounal for the Reqular Sesson for this day

## RECESS

At 1011 am , Artmg Speaker Foim declared the Anembly pecesed
REASSEMBLED
At 245 pm , the Assembly reconvened
Hon John F Foidin, Memban of the Assembly. 16th District, presidmg.

## ADJOURNMENT

At 247 pm , Acting Speaker Foran derlared the $A$ sembly adjourned montl 130 pm , Thuruddy, Apul 10, 1975

LEO T MeCARTHY, Speaker
ANABEL FLEURY, Mmute Clerík

## CALIFORNIA LEGISLATURE

1975－76 FIRST EXTRAORDINARY SESSION

# ASSEMBLY DAILY JOURNAL 

Twenty－elghth Legislative Day
Fifty－third Calendar Day

IN ASSEMBLY

Assembly Chamber，Sacramento Thursdis．April 10， 1975
The Assembly met at 408 pm
Hon Leo T MeCarthy．Speaker of the Assembly，presidang Chef Clerte Ammes D Drismoll at the Desks
Assistant Clerk Ray Monday raadmo

## ROLL CALL

The roll was called，and the followng answerd to then namo－ 79

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| Chne | liepar | Ferine |  |

Quorum present

## PRAYER

The following piaver wim oftrred by the Chaplan, Father Leo MeAllister

Lord fiod, What You have sowed ut un You woll reap, when Your divy has come You speak and call a name, wherh must respond with lose

Wherever men are deaf, You are not there, wherever men are dumb and kill by solence You are not dmong them, wharever men do not respond with love they ate wot Your people Fill ous hearts with goodness so that Your love and lafe wall be vasble mus-AMEN

## PLEDGE OF ALLEGIANCE TO THE FLAG

Upon request of Sprakei MrGathy, Mr Meade then led the Assembly in the pleage of allemanne to the Flay

## MOTION TO DISPENSE WITH READING OF THE JOURNAL

Furthen reading of the Joumal of the prevous legislative day was dispensed with on motion of Mt l'alvo, setonded by Mr. Burke

## ADJOURNMENT

At 409 pm , Speaker MeCartly deelared the Assembly adjourned until 9 am , Mondry, April 14, 197.5

LEO T McCARTHY, Speaker
ANABEL FLEURY, Mimate Clerk

## CALIFORNIA LEGISLATURE

1975－76 FIRST EXTRAORDINARY SESSION

## ASSEMBLY DALLY JOURMAL

## Twenty－minth Legislative Day

Fifty－seventh Calendar Day
IN ASSEMBLY

Assembly Chambes，Sar ramento
Mondas，Apall 14， 1975
The Assembly met at 1146 a m
Iton Jeo T Mactatly，Speaker of the Assambly，presiding Chaf（lerk James D Drmooll at the Desk
Assistant Clesk Ray Monday reading

## ROLL CAL工

The roll was called，and the follownin dmbleted to tholl bames－ 77

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Quorum present

## PRAYER

The following prayer wan offered by the ('haplam Fothe: fen MeAllater

Father, Ours is not the first generation to discoven the clame and tragedy uf the world Save un fiom bemer the fist generation to be comqueted hy it

Let not ous fume be comsmmed by mostalgindly ipeallmas the golden ages of the pant For, undeed, they were so desighated by prople whe never Irved in them

Give us the coundge to face the tragedies, mones, and abmurbities of life save us from self-pity wheh perdude self-mprovement - AMEN

PLEDGE OF ALLEGIANCE TO THE FLAG
Upon reguest of spedker MrCarthi, Mi Cuaven then led the Assemby in the pledge of allogiance to the Flug

## MOTION TO DISPENSE WITH READING OF THE JOURNAL

Further reading of the Journal of the pexmon lepmation day was dispensed with an motion ot Mi Ingalis, seronded by Ma Detdeh

## LEAVES OF ABSENCE FOR THE DAY

The following Member wis giduted leate of absence for the day because of illness

M1 Cliacon, on request of Sperker M.Cirthy
The following Member was arauted leare of abrence fon the day, on pernomal busines, and dended to wave lis per diem

Mr Nimmu, on requent of Speaken Mudarthy

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

The following bill, were introdured, tead the fint time, and ordered held at the Desk

Assembly Bill No. 7: By Assemblyman MeVittie-All art to add Section 37136 to the Health and Fiffety Code, relding to housng

Assembly Bill No. B: By Assemblyman MeVittie-An aet to add Chapter 7 (emmmencing with Section 3 '150) to l'at 8 of Disimen $2 t$ of the Health and Safety Code, relntug to houng

## RECESS

At 11 47 am, Speaker MrCarthy dedared the Assembla tpersed

## REASSEMBLED

At $4{ }^{4} \mathrm{p} p \mathrm{n}$, the Assembly reaconvened
Hon Leo T MeCartby, Speakel of the Assembly, presiding

## REFERENGE OF BILLS TO COMMITTEE

Pursmant to the Assembly linlen, the followng bills were refersed to committee.

Assc,ilbly
Bell No.

## Commuttre

7.- - -.... - - Housıng and Communty Devolopment
8....- - - -- -- - - Ioasing and Commonaty Development

## ADJOURNMENT

At 446 pm , Speaker Mccarthy dectaned the Ascombly adjounaed until 8 a m, Tuesday, April 1is, 197\%

LEO T MeCARTHY, Speaker
ANABEL FLEITRY, Mmute C'leık
-

## CALIFORNIA LEGISLATURE

1975-76 FIRST EXTRAORDINARY SESSION

## ASSEMBLY DAILY JOURNAL

## Thirtieth Legislative Day <br> Fifty-eighth Colendar Day

## IN ASSEMBLY

Assembly Chamber, Sacramento
Tuesday, Aprıl 15, 1975
The Assembly met at 10.38 a.m.
Hon Louss J. Papan, Speaker pro Tempore of the Assembly, presidmg

Chief Clerk James D Driscoll at the Desk.
Assistant Clerk Ray Monday readıng.

## ROLL CALL

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

| Alatorre | Cline | Keysor | Priolo |
| :---: | :---: | :---: | :---: |
| Antonovich | Collier | Knox | Ralph |
| Annett | Craven | Lancaster | Rosenthal |
| Badham | Cullen | Lanterman | Siegler |
| Bane | Davis | Iewis | Sleroty |
| Banual | Deddeh | Lockyer | Suntt |
| Berman | Dixon | MacDonald | Thomas, Vincent |
| Beverly | Duffy | Maddy | Thomas, William |
| Boatwright | Egeland | Mc Alister | Thurman |
| Briggs | Fenton | McLemuan | Tories |
| Brown | Foran | McVitue | Tucker |
| Burke | Goggin | Meade | Vasconcellos |
| Calvo | Greene | Miller | Viceneia |
| Campbell | Gualco | Mobley | Warren |
| Carpenter | Hart | Montoya | Walson |
| Chacon | Hayden | Morr | Wornum |
| Chapple | Ingalls | Murphy | Z'berg |
| Chel | Kapuloff | Prpan | Mr. Speaker |
| Chimbole | Keene | Perino |  |

Quorum present.

## REGULAR BUSINESS DISPENSFD WITH

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

## LEAVES OF ABSMACR FOR $\mathbb{T R} \mathbb{R}$ DAY

The following Members were granted leaves of absence for the day, on persond busmess, and des.red to wave 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 Robmson, on request of Speaker pro Tempore Papan.
RECNE
At 1039 am , Speaker pro Tempore Papan declared the Assembly recessed.

REASMRESBLTD
At 445 pm , the Assembly reconvened.
Hon Lous J. Papan, Speaker pro Tempore of the Assembly, presıding

ADJOURMMDESTT
At 446 p m, Speaker pro Tempore Papan declared the Assembly adjourned untıl 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

Ascembly Chamber, Sicramento
Wednesday, April 16, 197.7
The Assembly met at 1038 a m
Hon Loms.J Pripan, Speaker pro Tempore of the Assembly, prestding

Chief C'lerk James D Driscoll at the Desk
Assistant Clerk Ray Monday roathug

## ROLL CALL

The roll was ealled. and the followny answered to then nemmen-7

| Alatase | Ctisen | Kıos | Piolo |
| :---: | :---: | :---: | :---: |
| Antommich | Cullen | Labusatal | R.1! |
| drinett | D.ais | Lalliterman | lownentlual |
| B.ine | Ieedreh | Lews | siopior |
| B,una | Divan | Lambuer | Stelots |
| Eelimalin | 1)uffy | Macllourdal | Sillite |
| Pexell | Esceland | M.ald | 'Jhomels, Yarernt |
| Boatwirgt | Fenton | Macalister | 'Thumer, Willam |
| I3ligers | lount | Matmimat | 'Tlurmill |
| Brawn | Camamendı | Merittie | Toltu |
| Bulie | Gogrsin | Mroder | Tuckri |
| Caho | Gierme | Miller | Vitaroncrallos |
| Campbell | Gualeo | Muhles | Fitinein |
| Carpenter | Hirt | Muntuya | Wanten |
| Chutem | Hasden | Muri | Wivon |
| Chapme | Ingills | Wuphs | Westum |
| Chel | Krpilof | Nostande | Z'bost |
| Chimbole | Korior | $\Psi_{\text {upan }}$ | M1 Straties |
| Colliez | K1.y 501 | Lerino |  |

Quorum present

## REGULAR BUSINESS DISPENSED WITH

By unammous consent, the regular ondes of busmons of the Asembly Was disperised with tor this legralative das

## LEAVES OF ABSENCE FOR THE DAY

The following Mambers wers granted lears ot athence for the day, because of illuess.

Mr C'Ime, on requmat of Sperker poo Tempore I'dpali
Mi Robinnon, on requent of Speakev pio Tempore l'apan
The following Members wers granted leava if absence tor the doy, on parsonal busmos, and desmed to waw then pur diem

Mr Badham, on requent of Sparaker pro Tempore P'ipan
Mr Nimmo, on requent of Speaher pro Trinpore l'dintur

NOTE For lettern explammay the ellmemes of Mewsis Clime and Badham on thin day, see Abrembly Dald Jonnnal for the Regular Sis. sion for thes day

## RECESS

At 1039 am . Speaker pro Tempore Prpan dealared the Aurmbly recessed

## REASSEMBLED

At 245 pm , the Absembly reconvened
Hon Louts J Papan, Spedhet pro Tempars of the Axambin. pac sking

## ADJOURNMENT

At 246 nm . Speaker poo Tompore Papan dethued the Avembla adjourned until 130 p 3 . Thuestay, April 17, 197.3
LEO T' Mec'ARTHY, Sjedker
ANABEI, FJEECRY Munte Clemls

## CALIFORNIA LEGISLATURE

1975－76 FIRST EXTRAORDINARY SESSION

## ASSEMBLY DAlLY JOURNAL

## Thirty－second Legislative Day <br> Bixtseth Calendar Day

## IN ASSEMBLY

Assembly Climmer，Sacromento
Thursdely，Aprıl 17， 1975
The Amemble met at 418 pm




## ROLL CALL



| Alitore | Collim | Karm | Papum |
| :---: | :---: | :---: | :---: |
| Altunuril | （9．uck | Kıos | lerime |
| Allutt | Culin |  | 1samolo |
| Brathatm | 1）れい | Salle | Rulin |
| Ralu＇ | 1mathot | 100nis | Thurinthat |
| R．1110．11 | ［mam | Larker | Suerle： |
| Be！mall | I Pufi | Macthonild | Sments |
| Butala | liselma | Mathti | Sutt |
| 13nitument | Finton | Mis Miluta | Thumas，Willam |
| 1 H 189 | Fintm |  | ＇lhau motn |
| Blown | （i，ll allurum | smeritte | Touter |
| Juhas | （costu | Matabe | ＇Tucher |
| Calso | Girean | milur | V\％scomerilos |
| Cathphodl | （inatio | Mobiry | Viex uein |
| Caupila | llatt | alontora | 以゙atam |
| （h，won | IIsuden | $\mathrm{Mom}^{\prime}$ | Wilum |
|  | Ingalis | Мเแן | Wonnum |
| Chel | Kambuff | Nestamie | Z brid |
| Chamhole | Krene | Nımmo | Mi Surenker |

Quorum present

## PRAYER

The following prayer was offered by the Chaplan, Father Lapn McAllister

God. We thank You today for the goodness You hase placed in this world Whie there in mueh suftering and moybe much that in evil we
 out to help a fellow haman beng m no.d

We see Your presence in those who ate idealistic enough to work day in and day out for enases that are noble

We see Your presener in those whe leave a leadey of poodnoms and happosss You made in for actum rather than ambers dredmang 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 Spenker Meciathy, Mr Duty then led the Asrmbly in the pledrye of allegranee to the Flagr

## motion to dispense with reading of the journal

Further readug of the Jour)all of the pervan legulathe day wis dispensed with on motom of Mr ('dlvo, seronded by Mr Deddeh

LEAVES OF ABSENCE FOR THE DAY
The following Members were grated leaves of dbence for the day, because of illness

Mr Cline, on request of Speraker Me ('arthe.
Mr Robminn, on request of Speaker Mac 'arthy
Mr. Vincent Thomas, on request of Sppolker Mc Ciatlyy

NOTE For letter explaming the absence of Mr ('lane on thas dav. see Assembly Daly Journal for the Regular Session for April 16, 1975. page 3380 .

## REPORTS OF STANDING COMMITTEES <br> Committee on Ways and Means

Assembly Chamber, April 17, 1975
Mr Speaker. The Charman ol your Conmittec on Ways and Meam reports:

AB No 2
With author's amenduents with the refommendation Amend, and rerefer to the Commattee on Wayh and Merans
FORAN Chrman

## SECOND READING OF BILLS-AUTHOR'S AMENDMENTS

Assembly Bill No. 2-An at to add leat lif (ommentwing with Section 37965) to Drvision 94 of the IRealth dad Safety- ('oule, relating to housing, and making moproprotim theretor

Bill read second time

## Consideration of Author's Amendments

 were read, and daphed

## Amendment No 1





## Amendment No 2











 Ways and Mrans

## ADJOURNMENT




1, EOT MrernRTIY Npadkr
ANABEL FLECRY, Mmute Clery

## CALIFORNIA LEGISLATURE

## 1975-76 FIRST EXTRAORDINARY SESSION

# ASSEMBLY DAILY JOURNAL 

## Thirty-third Legislative Day <br> Sixty-fourth Calendar Day

## IN ASSEMBLY

Assembly Chamber, Sarramento Monday, April 21, 1975
The Assembly met at 1246 pm Hon Leo T MeCarthy, Speaker of the Assembly, presidng Chuef Clerk James D Drseoll at the Desk
Assistant Clerk Ray Monday reading

## ROLL CALL

The roll was called, and the following answered to therr names-7;

| Alatore | Cıaven | Lanmater | Ivamo |
| :---: | :---: | :---: | :---: |
| Antonotich | Cullen | Janturman | Halph |
| Arnett | 1bハ! | Jewis | Roblurion |
| Badham | 1mertah | Cochial | Rosenthal |
| Raime | Hism | Mamlonmil | Sturgh |
| Ramiat | Duft | Mutds | Slitot, |
| Belman | Figelind | Menlister | surt |
| Beyety | Fenton | McSerunan | Thomin William |
| Boatwright | Fulan | McFittae | Phummar |
| Brown | Ginammende | Mr ate | Torses |
| Burke | Giogrin | Nibler | Tucker |
| Caluo | Gseune | Mrinles | Vasconcellos |
| Camphell | Gualeo | Montora | Fiermena |
| Chapanter | Hiat | Monl | Wruen |
| Chacon | Hayden | Minphat | Wilum |
| (hatrue | Ingalla | Nostande | Wornesm |
| Chel | Kapulifit | Nitumo | $Z$ hen ${ }^{\text {\% }}$ |
| Chmmbule | licrne | Pupda | Me Spersme |
| Colher | Kpy wit | Pemo | H NuThr |

Quoum present.

## PRAYER

The following prayer was offered by the Chaplain, Father Len M, Allister.
Lord, Make us always conscious of the ughts of othen Faperially m a plualistic hoclety help un caspfulty gruad the pimacy of the mdividual conscrenee

While we must respect these sacmed rights and the fencts of oun Constitution, howeser, do not let us dau the hime of separation betweent religion and hife, between the matumal and the supenatulat, in of they had nothing to do with eath other, at it the right of Gorl wete walneless in all the manfold realitiee of daly life, whether homin on solat

This is sacred promid, hond We meed Youn helj to tread it conertly -AMEN

## Pledge of allegiance to the flag

Upon request of Spenker Mut at thy. Mr Latkge; then led the Assembly in the pledge of allegnance to the Fluy

## MOTION TO DISPENSE WITH READING OF THE JOURNAL.

Furthet readng of the Jommal of the prevoun legrostive day was dispensed with on motion of Mr Berman, serouded by Ms Muphy

LEAVES OF ABSENCE FOR THE DAY
The following Members were granted laven of absence for the day, because of ullness.

Mr Chme, on request of Speaker Me Carthy.
Mr Vincent Thomas, on sequest of Speaker Mr Carthy
The following Member was granted ledve of absence for the dely, (1) personal business, and desned to wane his per duem

Mr Knox, on request of Speakel Mre'at thy
The following Mamber was granted leave of abbence for the thay. because of an illness in his family.

Mr. Briger, on request of Speaker M1 (ar thy

NOTE For letter explaming the absence of M1 Bugin on than day see Assembly Daly Jounal for the Regulai Sescom for the thay

NOTE For letter explanme the gbence of Mi clane on this day. see Assembly Daly Jommal for the Regular Sersion for April 16, 19 in, page 3380 ,

## COMMUNICAPIONS

Assumbly Chimber. Apual 2: 1975
Mr Speaker Puramat to your mathmetmas, the ('hof C'leak has examined
$\mathrm{AB} \mathrm{N}_{0} 2$
And repoits the same correctly enorosed
JAMES D DRISCOIA, C'hef C'leık
Abuve bill re-referied to committee

## RECESS

At 1247 pm , Speaker MoCarthy decolared the Assembly recessed
REASSEMBLED
At 2 tã $p \mathrm{~m}$, the A sambly reronvened
Hon Leo T MeC'arthy, Speaker of the Assembly, preading

## ADJOURNMENT

At 246 pm , Speaker Mrdarthy declared the Assembly adjourned untal 9 a m. Tuesday, April 29. 1975

LEO T McCARTHY, Speaker
ANABEL FLELIRY. Minnte Clppk

## CALIFORNIA LEGISLATURE

1975-76 FIRST EXTRAORDINARY SESSION

## ASSEMBLY DAILY JOURNAL

Thirty-fourth Legaslative Day
Sixty-fifth Calendar Day

## IN ASSEMBLY

Assembly C'hamber, Sacramento Tuesday, April 22, 1973
The Assembly met at 948 am
Hon Louls J Prpan, Speaker pro Tempore of the Assembly, presldmg

Chief Clerk Jrmes D Driscoll at the Desk
Assistant Clerk Ray Monday reqding

## ROLI CALL

The roll was called, and the follownir answered to their names- $\mathbf{7 5}$

| Alatore | (164) ${ }^{\text {cha }}$ | Knos | 1'elino |
| :---: | :---: | :---: | :---: |
| Antomoich | CuHen | Jancastel | Juiolo |
| Arnett | Jhavis | Lamtermat | Ralph |
| Bacthemm | Dedelels | Lewts | Rownilial |
| Bane | Jivon | Lerkitat | tiestar |
| Jinumat | J)nfl | Miclemand | theatr |
| Bex mian | Eathind | Murk | cuti |
| Reverly | Feuton | Mc.hater | Thomisa, Willarm |
| Hontwarght | lornn | Melatman | Thunman |
| Browe | Gainmenta | Mevitie | T'otrem |
| Huske | (borrin | Murde | Tukher |
| Calto | G14ple | Mrlier | Vancoune ellos |
| Camphell | Guateo | Muliler | Ficement |
| Cinmenter | Hiat | Muntona | Winren |
| Chitcill | Hasden | 3 HO | $\mathrm{W}_{3} \mathrm{lom}$ |
| Chappre | Ingatls | Morjun | Wornum |
| Chrel | Kilunlof | Nentalide | 7 Clicin |
| C'himbole | Kerne | Nummu | Mt Sueaher |
| Collter | Kes sor | I'abat |  |

Quorum present

## REGULAR BUSINESS DISPENSED WITH

By unammone consent, the regular orrler of bummess of the Assembly was dispensed with for this lugislative day

## LEAVES OF ABSENCE FOR THE DAX

The followmg Members were granted leaven of dbence for the day, because of illiness.
Mr Chine, on request of Speaker pro J'cmpore Papan
Mr Vincent Thomas, on request of Speaker' jro Tempore Papan
The following Member was granted leave of absence for the day, on personal busmess, and dentred to wane his per diem

Mr Robinson, on request of Spaker pro Tempure Papan
The followng Member was granted leave of abselue for the day, hecause of an illness in his famuly

Mr Briggs, on request of Speaker pro Tempore Papan

NOTE For letter explamme the abseace of Mr Cline on this day, see Assmbly Daly Jonrnal for the Regular Session for April 16, 1975. page 3380

NOTE For letter explanme the absence of Mr Briggs on this day, see Assembly Daly Journal for the Regular Session for April 21, 1975. page 3535

## RECESS

At 949 am , Speaker pro Tempore Papan declared the Assembly recessed

## REASSEMBLED

At 2.45 pm , the Assembly reconvened
Hon Louis J Papan, Spenker pro Tempore of the Assembly, presiding.

## ADJOURNMENT

At 2.46 pm , Speaker pro Tempore Papan dechared the Assemblr adjourned until 9 a m., Wednesdry, April 23, 1975
LEO T McCARTHY, Speaker
anabel Fleury, Minute Clerk

CALIFORNIA LEGISLATURE
1975-76 FIRST EXTRAORDINARY SESSION

# ASSEMBLY DAlLY JOURNAL 

## Thirty-fifth Legislative Day <br> Sixty-sixth Calendar Day <br> IN ASSEMBLY

Assembly Chamber, Sacramento Wednesday, Aprıl 23, 1975
The Assembly met at 1056 a m
Hon Panline L Davis, Assistant Speaker pro Tempore, presidmg Chuef Clerk James D Driscoll at the Desk
Assistant Clerk Ray Mondey reading

## ROLL CALL

The roll was called, and the followng answered to then names-if

| Alatorre | Clasen | Knos | Fermo |
| :---: | :---: | :---: | :---: |
| Antonov ich | Cullen | Lancaster | I'riolo |
| Anmett | Dalim | Ifantermas | Ralph |
| Bnithan | Detideh | Lewrs | Rotunum |
| Batue | Indm | Luckisf | Rosenthal |
| [hanma | 1)uffs | Macloonald | SIecrapl |
| Hexman | Lueland | Machd | Sierot: |
| Beverls | Finuton | MeAlintel | Sustt |
| Buatulprit | Firan | Melamuan | Fhoma, Willam |
| Jhown | Casamendi | Mçiotie | Thut man |
| Buhu |  | Merater | Toules |
| Calio | Gircine | Mallea | T'ucker |
| C.ampletl | Giunleo | Sohney | Varcuncellas |
| ( mrprinter | Hut | Monutusat | Vicuncha |
| ( Mriton | Hauslen | Mur1 | Warren |
| ( 'happere | lugnlls | Mlung | Wiluon |
| ('hel | Kaluanf | Nestande | Whinmm |
| Chimbole | Keune | Nimmo | Z'berg |
| Cohlser | Ken mor | Papan | M: Npeaker |

Quor un present
REGULAR BUSINESS DISPENSED WITH
By manmous consent, the icpular oudem of busumen of the Assembly was dispensed with for thas legislative day

## LEAVES OF ABSENCE FOR THE DAY

The following Menbers wete granted leaves of absence for the day. because of illness

Mr Clme, on request of Assistant Speaker pro Tempore Davis
Mr Viucent Thomas, on request of Assistant Speaker pro Tempore Davis.

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

Mr Briggs, on request of Assistant Speaker pro Tempore Davis.

NOTE For letter explamng the absence of M1 Cline on this day, see Assenibly Dealy Journal for the Regula Session for Apull 16, 1975. page 3380

NOTE For letter explammg the absence of Mr Bigeg on this day, see Assembly Dally Journal for the Regular Session for April 21, 1975, page 3535 .

## RECESS

At 1057 a m, Assistant Speaker pro Tempore Davs declared the Assembly recessed

## REASSEMBLED

At 245 pm , the Assembly rectonvened
Hon Panlme L Davis, Assistant Speaker pro Tempore of the Aasembly, presiding

## ADJOURNMENT

At 246 pm , Assistant Speaker pro Tempone Dark derlared the Assembly adjonned untıl 130 pm , Thursday, Aprol 24, 1975

LEO T McCARTHY, Speaker
ANABEL FLEURY, Mnute Clerl.

## CALIFORNIA LEGISLATURE

1975－76 FIRST EXTRAORDINARY SESSION

# ASSEMBLY DAlLY JOURNAL 

## Thirty－sixth Legislative Day <br> Sixty－seventh Calendar Day

## IN ASSEMBLY

Assembly Clamber，Saciamento<br>Thursday，Apme 24．197．

The Assembly met at 430 pm
 Chaef Cletk dames D Dramoll at the Desk
Assistant Cleik Ray Monday readmg

## ROLL CALL

The roll was（allecl，and the follownig amswered to then bames－ 72

| Alatorie | （＇1，d） | 下ッ以 | 1＇ajeata |
| :---: | :---: | :---: | :---: |
| Ablonurath | 1 ＇ulien | Kı以 | I＇pinto |
| Aimett | 或い心 | Lamkaster | I＇swor |
| Batham | Ihubluh | Lututetmen | H．aph |
| 13atie | Invon | L－M以 | 180humson |
| ITathat | I Mafl | Jackiot | Steplat |
| Hownmat |  | Nambumitl | Siplols |
| Jubat wight | Jenten | Mirckl | Siutl |
| 160ms | Fomalt | Meximer | Thomat Willam |
| 13usha |  | Mrsemmin | ＇Thumbin |
| Cinluo | （i）sprim | M Datar | T＇orlen |
| （＇ample ${ }^{\text {che }}$ | （1）0wne | Meadi | Tumbl |
| （＇ablu＇uta | （rualco | Mister | Fustomerellos |
| （＇hatert | II．ut | Mrobles | Vation |
| （＇litur）e | Havien | Morl | Wilum |
| Clul | Tugallm | M10］${ }_{\text {M }}$ | Wotinm |
| （＇hamurip | Kulutif | Neulinde | 7 Z beras |
| Colber | ［6x＋me | Nimme | Mr Speaker |

Quormm present．

## PRATER

The followng payer was offerer by the Chaplam, Fathey feo Mi" Allister:

Fafher, We pray that the women aud men of tha chamber rutan theme modvidual chata temisis a, ideath and dreams

We pray that no one confases equathy with emfomuty, on becmpes a mere appendix to a bureduratu poress

The beanty and vanety in our Golden State is the symbol of the individuality and comavity we hope and pay fom mis people and 1ts legislator's-AMEN

## PLEDGE OF ALLEGTARGE TO TYE FYAG

Upon request of Speaker Mec'at thy, Mr Ralph then tod the Aswembly in the pledge of dlleghame to the Flay

## MOTION TO DISPENSE WITR READIAG OT HTEB JOVRRAL

Further readug of the Fombal of the pervom tenshaton didy wan dispensed with on motion of $\mathrm{M}_{2}$ Sicgler, secomled by Mr ('aluo

## LEAVES OF ABSIRNGI FOR TRE DAX

The follow ing Members were $\quad$ tanted lenver of absence for the day, because of thness.

Mr Chine, on lequest of Speaker M. ('al thy
Mr Montoya, on lequest of Speakes Mc Corthy
Mr Vincent Thomas, on u equest of Spoaker M.Cat thy
Mr Varenera, on request of Sporker Mi Catly
The following Member wan ganted lease of absence for the day, on legislative busuess

Mr Bevely, on request of Speaker Mer athy
The following Members uere granted leases of abvence for the day, because of an ulluess in then famly

Mr Buger, on requast of Speakre Mr ('althy
Mr Roventhal, on request of Spedke M.C'artiny

NOTE For letter explamma the aboure of Mt Reverly on the dav on legrislative busmess pursumit to the Arembly linles, see Ashembly Daly Jourmal for the Regulan Sesmon for thm diry

NOTE For letter explaning the abvence of $\mathrm{M}_{1}$ (lime on thas didy, see Assembly Daly Journal tor the Regular Kesom for Aphil 16, 1975, page 3380 .

NOTE For letter explanmg the absence of Mi Bugn on tha day, see Assembly Daly Jourmal for the Rexula Semon for Aprll 21, 1975, page 3535.

## MESSAGES FROM THE SENATE

Genate ('hamber, Apmil 24, 197.3
Mr Speaker I amt duepted to mfonm yon homathe body that the Selate on tha day passed

SB No 4
DARRYL R WHITE, Secretary of the Selate By fohn W Rowane, Chet Asmbant Secmelay

## FIRST READING AND REFERENCE OF SENATE BILLS

The following bill uas real the fint tmee, and ordened lied at the Devis

Senate Bill No. 4-An act tu add Chapter 6 . (eommenemg with Sectum 41600 ) to Pat 3 of Dinmon 31 ot the Dealth mind safety ('orte, relating to lowimg, and mathus an apmoplation theretor

REFERENCE OF BILLS TO COMMITTTEE
Purnanit to the Asrmbly hume, the followng bill wat wefered to committee

Scratc
Bill $\mathrm{N}^{\circ} \mathrm{O}$
Commitice
4. ----- ---.-. . . Hounng ind Commumty Development

## ADJOURNMENT

 until 9 a m, Monday, $A$ pul $28,19{ }^{\circ}$

LEOT MeCARTHY, Speaker
ANABE1」 FLELIRY, Mmute Clerk

## CALIFORNIA LEGISLATURE

1975-76 FIRST EXTRAOROINARY SESSION

# ASSEMBLY DAlLY JOURMAL 

## Thirty-seventh Legıslative Day

Seventy-first Calendar Day
IN ASSEMBLY

## Assembly Chamber, Sarramento Munday, Aprol gs 1975

The $\Lambda$ ssembly met at 1145 a m
Hon Ideo T Mecarthy, Speaker of the Assmbly, presiding Chuef Clerk James D Driscoll at the Deak Assistant Clemk Ray Monday reading

ROLL CALL
The roll was alled, and the followng anmered to thera hames-- 73

| Alaturie | Daim |  | I'talo |
| :---: | :---: | :---: | :---: |
| Antormaich | [) Cl (ld + h | Su'以 | Ratibl |
| Asmeta | l) 1 it: | Luektict | Roshemenst |
| Kinne | Lextatal | Maximpata | diownal hat |
| R،ıuna | Fentur | Madtu | Nieriler |
| derman | For.al | Mctumal | Sircint |
| bumars | G.itame mith | M (Iemban | Suti |
| Ghantwideht | S Sobeth | MeVitar | 'I'lumbu William |
| Bramio | G19430 | virime | '1hatimali |
| Hither | Guates | Wilder | 'Lutas |
| falio | Hatt | Mubler | Tumbt |
| Conushell | Harden | Muntosa | Viancurslom |
| Catpriter | Jnuall | M 101 | 1 16 chera |
| ('hacon | Kipuloft | Mrapds | \1.aldy |
| ('hatpre | Kierie | Nevtande | Wilsuly |
| ('lur | Kれ! | Nimmo | $110111 / 1{ }^{1}$ |
| ( hamehule | Knos | 1'.11611 |  |
| rollyer | Latuc mer | 1-ctur | Mr siptahet |

[^0]
## PRAYER

The following prayer was offered by the Chaplan. Frather Leo McAlister
Father, Make us equalls aware of our zesponsibilties as ne are of our rights Gine to each of us the abolly to respond m proportion to the measure of talent we porserss, the pusitoin whel we hold, the leqaty we have reconed fiom the past or to our prospects for the fature You once sata, "But of everyone to whom much has been given, mach will be required " Give us the willmgness to gne each day, of our best. whthin our own sphere of endeavor, so that he toc, hav be bulders of a better communits, state, and nation-AMEN

## PLEDGE OF ALLEGIANCE TO THE FLAG

Upon request of Speaket Mi Carthy, Mi Prolu then led the Asamblas in thee pledge of allegrance of the Flag

## MOTION TO DISPENSE WITH READING OF THE JOURNAL

Further readng of the Journal of the pevom legalative day wis dispensed with on motion of Mr Berman, seconded by Mi Dutfy

## LEAVES OF ABSENCE FOR THE DAY

The following Members were granted leaves of absence for the das. because of illness

Mr Clime, on request of Speake: 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 Speakel pro Tampore Papau
The following Memhers were granted leates of absimue for the dris on personal busmess, and desired to wane then fur diem
Mr Badiam, on request of Spakei pro Tempure l'apm
Mr Brown, on request of Speaker juro Tempoie Papan

NOTE For letter explamug the abspme of Mr The on the dat; see Assembly Daly Journal for the Regular Sension to April 16, 1975. page 3380

## RECESS

At 1147 am, Speakey Mceathy dechated the Ansembly lecessed

## REABSEMBLED

At 246 pm the Asspmbly ipcomened
How lue T Me.Cath. Spesker of the Assembly, presidung

April 28,1975 Assembly Journai 195
ADJOURNMENT
At 247 pm , Speaker MeCarthy declared the Assembly adjourned until 8 a m, Tuesday, Aprıl 29, 1975.

LEO T MeCARTHY, Speaker
ANABEL FLEURY, Mmute Clerk

## CALIFORNIA LEGISLATURE

## 1975－76 FIRST EXTRAORDINARY SESSION

## ASSEMBIY DAILY JOURNAL

## Thirty－eighth Legislative Day <br> Seventysecond Calendar Day

IN ASSEMBLY

Assembly Chamber，Sacramento Tuendas．April 29， 1975
The Assembly met at 1031 a m
Hon Lous of Papan，Speaker pro Tempore of the Assembly，pre－ sidung

Chief Clerk James D Driscoll at the Desk Assistant Clerk Ray Monday readmg

## ROLL CATL

The roll was called，and the followmy amwered to their names－73

| Antomon $u^{2}$ | Cullan | Jatricmmat | linobo |
| :---: | :---: | :---: | :---: |
| Amptt | lavin | Jーが心 | Ralph |
| Badhinm | Dediteh | Juckisur | Roblinum |
| Bane | Incon | Mallamalt | Rimenthat |
| Banlin | Duta | Minlis | Siefler |
| Berman | Egeland | Mcalister | Stelot： |
| Beverly | Fruton | Melamum | Stuti |
| Buatwright | Hosan | Sclintie | ＇t＇hames，Widlams |
| Buggn | Gutain | Ma，ble | thounam |
| 13mhe | Glueme | Mhlur | ＇ronde |
| Caluo | Gunleo | Molles | ＇Tuaher |
| Camphell | Hait | Mentosa | Tasconcellas |
| Carjenter | Hav derl | Mrat | Yramein |
| Chacon | Kupilof | Muphy | Warmeu |
| Charpue | Keene | Nestaude | V1．19011 |
| Chel | Kep nor | Nimmo | Wiormm |
| Chimhole | Knos | I＇nuan | 7 Cl －2． |
| Collser | Laticaster | Perno | An Speaker |
| Craven |  |  |  |

Quorum present
REGULAR BUSINESS DISPENSED WITH
By unanmons comsent，the reqular order of busmess of the Assent bly was dispensed with for thas legisidive day．

## LEAVES OF ABSENCE FOR THE DAY

The followng Members were granted ledves of absence for the das. berause of illnews

Mr Alatorre, on request of Speaker pro Tempore Papan
Mr Cline, on request of Speaker pro Tempore Papan
Mr Vincent Thomas, on reqnest ot Speaker por Trmpore Papan
The following Member was granted lane of alature for the day, on personal busmebs, and demed to walse has per deum

Mr Brown, on request of Spother pro Tempore Papan
The following Member was granted leave of aboence for the day, beranue of a death 214 his famsy

Mr Ingrills, on request of speaker pro Tempore Papan
The followng Mpmber was excused for the day, and his per dhem was waived

Mr Garamendi.
NOTE For letter explaning the absenee of Mr Enquath on thas day, see Assembly Dally Journal for the Regntar Sessum for this day:
$\qquad$
NOTE For letter explanng the dibence of Mr Chme on this das. see Assembls Daly Jonrial for the Regular Senson for April 16, 1975, page 3380

## RECESS

At 1032 am , Speaker pro Tempore Papan derlared the Assembly repessed

## REASSEMBLED

At 245 pm , the Assmble recomented
Hon Lomis.J Pripan, Speater pro T'empore of the Assembly, presidug

## ADJOURNMENT

At 246 pm . Speaker mo Tempore [rapru declaped the Assembly adjourtied nutil 9 a mm , Wednexdas, April 30, 1975

LEO T MeGARTHY, Spenker
anabel fleury, Mmnte Cleik

## CALIFORNIA LEGISLATURE

1975－76 FIRST EXTRAORDINARY SESSION

# ASSEMBLY DAILY JOURNAL 

## Thirty－nnnth Legıslative Day <br> Seventy－thrrd Calendar Day

## IN ASSEMBLY

Assembly Chamber，Saprapento Wednesday Aprol 30，147．5
The Assembls met at 1048 a m
Hon Lous I Papan，Spenker pro Tempore of the Assembls，pre－ sding

Anstant Chief Clerk Robent Frman Kidney at the Desk
Asshotant Cleak Ray Mondey reading
ROLL GALL
The roll was called，and the followny answered to therr manew－ 74

| Alaturas | cullers | L．tIf 小 P1 $^{\text {L }}$ | 1 l （a）n |
| :---: | :---: | :---: | :---: |
| Antonovich | Ibdich | Lamitelmba | $\mathbf{R}$ ，lla |
| Allill | I Brideh | Have | Kuhituent |
| ISthatm | 1930］ | Sathiol | Runienth．al |
| 13，114 | I Mifl | Matilmand | Sumay |
| 13пинar | ligrlamu | Matcla | Staters |
| luarminl | Frenton | Mr．3 livtur | Buit |
| 130．6as | \％6111 |  | Thomba Willami |
| 13．itwishit | Gid．imendt | Mi）itter | ＇1 fintuan |
| 13，19， | Giggrym | Mrable | Tomer |
| lumbe | （1）${ }^{\text {che }}$ | Willer | ＇1umbly |
| cralso | G14，${ }^{\text {a }}$ | Montora | Vasmenteltas |
| （rampreell | Hult | Mma | Verners |
| Cripurer | Elavilut | M110 ${ }^{\text {a }}$ | W゙ッ以11 |
| Chacon | Ingalis | Nebtaute | Wichan |
| Chel | K．rulate | Nıtums | Weinum |
| C＇humbole | K＂以14 | 1＇altali | Z ${ }^{\text {actig }}$ |
| Collar | F゙etnor | I＇elill＇， | Mr Nuealher |
| Ctatil | Ithor |  |  |

Quorum present

## REGULAR BUSINESS DISPENSED WITH

By manmous rompent，the inguld onder of bumens of the Assena－ bly was dispented with fon this legratate day．

## LEAVES OF ABSENCE FOR THE DAY

The followng Members nere gernted leaton of absome for the day, because of illness

Mr Chne, on requent of Spaliker por 'Tompore Panm
Mr Vincent Thomas, on reguest of Speaker pro Tempore Papan
The following Members wele granted ledves of dheme for the day, on legratise bumes

Mi Chapple, on request of Spaker pro Tempare Papan
Mr Mobley, on regnest of Spraker poo Tempore Papdn
The followng Menther was granted leave of abuenee for the day, on personal bumness, and decired to wand ha per diem

Mr Brown, on requent of Speaher ple Trmpore Papan

NOTE For letters explaning the alopener of Mrum (happle and Mobley on this day on lexislative bumes pursuant to the AsyemblRules, see Assembly Dalv Journal tor the Regular Secsum for thas day

NOTE For letter explamme the absance of Mr Cline on than day, see Amembly Dalv Jouriad for the Rewalar Liowion for April 16, 1975, page 3380

## RECESS

At 1049 am, Speaker pro Tempure Papan derlared the Assembls recessed

## REASSEMBLED

At 245 pm , the Asembly recomuenced

- Hon Lous J Papan. Speaker pre Tenupere of the Assembly, presidung


## ADJOURNMENT

At 246 pm . Spenker pro Temprive Papan dedared the Assembly adjoursed intol 1 pm . Thursday, Ma! 1, 1975

LEO T Mc('ARTHY, Spenker
ANABEL FLETIRY, Mmute Clerk

## CALIFORNIA LEGISLATURE

## 1975－76 FIRST EXTRAORDINARY SESSION

## ASSEMBIY DAlIY JOURRAL <br> FORTIETH LEGISLATIVE DAY SEVENTY－FOURTH CALENDAR DAY

## IN ASSEMBLY

> Assembls Chamber. Katramento Thurndas. Mal 1.1975

The Assembis met at +16 pm
Hon Leo T Mictathy，fiperket of the $A$ wembly prending Assotant（＇het（＇lerk R lindul hudien at the Deak， Assistant Clerk Ray Mouduy remdurg

ROLL CALL
The soll was ealled and the following amswerd to then names－72

| Alatone | （1，パリ） | Kıoy | 110014 |
| :---: | :---: | :---: | :---: |
| Antonutich | （inlent |  | 12，${ }_{\text {luth }}$ |
| Arnett | J．154 | Jalliclilall | Itohatima |
| Badham | Jretureh | 1＊以ハ | TRontill hat |
| Bane | Int | Lathre | Anus |
| Pinmal | Figelanct | Mad］（odidd | Ntrual |
| Berman | Fentmers | Mutdy | Sust 1 |
| Reserly | Intat | Alcals－m |  |
| Hontwasht | Tidi．imfudl | MeVttre | ＇丁htatilu |
| Biggs | Ueminm | Mratu． | ＇Toultom |
| Gurke | tiathr | M， 1 ler | Tucher |
| Cralso | finctio | Mchiturl | l saturedlor |
| Conmpbell | H．il | Alıי | Ifatitit |
| Cappenter | Havinu | Wuphy | Wれ11\％ |
| Chacon | Ju\％al｜ | Nuwhinde | Wilualr |
| Chel | Kipriont | Sıumb | IV at nom |
| Chinmbole | Krama | 1＇．11，111 | \％ lm 1 g |
| Culher | Kıralol | I＇01mo | Sir mpenker |

Quorum present

## PRAYER

Upon mutation of Spusher Mer＇athy，the tollowime man wan of－




 dom to say less but thank mome and dame oul emores to juvile the


## pledge of allegiance to the flag

Thon request of Speaker MeCathy, Mr Vicencid then led the Assembly in the pledine of allogante to the Flag

## READING OF THE JOURNAL DISPENSED WITH

By unanimous consent, readng of the Journal of the prevons legrslative day was dispelised with

## LEAVES OF ABSENGE FOR THE DAY

The followite Members were granted leaves of absence for the das, because of illness.

Mr Clime, on request of Sperker MuCarthy
Mr Dison, on request of Speakei MeCarthy
Mr Vancent Thomas, on request of Sperker MeCarthy
The followng Members were granted ledres of absence for the day, on legrslative burness.
Mr Chappie, on request of Speaker MeCathy
Mr Mobley, on request of Speaker MeCarthy
The following Members were manted leaves of absence for the day on pernonal busmess, and desired to wave their per diem.

Mr Brown, on request of Spedker MeCarthy
Mr MeLemneth, on request of Speaker McCarthy






## MESSAGES FROM THE SENATE

Senate Chanibel Man 1, $1: 75$
 thas thin phased.

Spmate [all No 2
DARRYI R WHITE, Sectetas in the Rimote By Joliu W Ras,ine ('hef Jmistiont serietan

## FIRST READING AND REFERENGE OF SENATE EILLS

The following bull was read the firnt thme, and ordered held at the Desk
 and 53651 of the Government Code, to and Divmon 31 (rombuminge with Sectum 41000 ) to, and to repeal Pat 8 (comburne me with betion 37000 ) of Division 24 of, the Health and Satety Code, and to repeal

Section 8 of Chapter 1222 of the Statutes of 1965 , pelatimg to homenge and makmir an appsopridtion therofor, and providme for ther parpadtron, issuance, and wale of state bonde to cededte a fund to bu kral by
 housing developments, rind poovidine tor the submanson of the bond measure to the people at a speatal election to be consolulated with the 1976 direct prindry election

REFERENCE OF BILLS TO COMMITTEE
Pursuant to the Ashembly Rukin, the followmg bull wavereard fol committee:

Senate
Bill No
Commitire

ADJOURNMENT
 until 9 a m, Mouday, May 5.1975

LEO T MeCARTHY, Sprakpr
ANABEL F1,EURY, Mmute Clerk

## CALIFORNIA LEGISLATURE

## 1975-76 FIRST EXTRAORDINARY SESSION

# ASSEMBIY DAIIY JOURNAL <br> FORTY-FIRST LEGISLATIVE DAY <br> SEVENTY-EIGHTH CALENDAR DAY 

## IN ASSEMBLY

Assembly Chamber, Sacramento Monday, Mdy J, 1975
The Assembly met at 1186 a m
Hon Leo T McCarthy, Speaker of the Assembly, presidmg Chief Clerk James D Driseoll at the Desk
Assistant Clerk Ray Monday reading.

## ROLL CALL

The roll was called, and the following answered to them names- 75

| Alatorre | Collier | Lancustal | $\mathbf{P}_{\text {L }}$ \%o |
| :---: | :---: | :---: | :---: |
| Antonovich | Cullen | Lanterman | Rulph |
| Arnett | Divas | Lewas | Rohintun |
| Badham | - Deddeh | Lackjer | Roventhal |
| Bane | Dixon | Mar Dimaded | Sitegler |
| Bannar | Dufiy | Madiry | Sierots |
| Helman | Egeland | Mcalinter | Silitt |
| Bevelly | F'enton | MeLamant | Thoman, William |
| Bontwright | Fotun | Micvitte | Thux men |
| Briggs- | Ganamenta | Merarle | T'onjes |
| Burke | Gogy | Millei | 'Tuckin |
| C'alvo | Greenp | Mubrey | Vareonctllas |
| C'umpheil | Guateo | Muntosa | Ficenesa |
| Canpenter | - Hard | Mur | Writen |
| Chacon | Hasden | Muphy | Wimon |
| Chapple | Incatls | Nactamale | Wonum |
| Chel | Kaploft | Nimmo | $Z$ bers |
| C'himbole | Keerre | Papan | Mi Speaker |
| C'lile | keysor | Perino |  |

Quorum present.

PRAYER
The following prayer was oftered by the Chaplam, Father Len MrAllister

Father, As we begin another week, we ask Y ou to ponliven us with a sense of hope and a sense of opthmism

Lake the marimg blossom oprening to weloome all that the day may give of brightness and hamth, gise pach of us dil open momd and an open heart

For. of we mery quote from the word, of laracolow, "Itr whon know nothugg, loves nothing II who ean do nothme underatands mothug $\mathrm{H} \mu$ who understands mothing is worthes But he who undentamk abo loves, notices, seen The mone knowledme is mhenent in a thine the greater the love Anyone who magnaen that all frath rupen at the same tome as the strawbrries known nothner dowt grapen "-AMEN
pledge of allegiance to the flag
Upon request of Spenker MeCathy, Mr Calso then led the Assembl? in the pledge of dlegnance to the Flag

## MOTION TO DISPENSE WITH READING OF THE JOURNAL

By unammous consent further reading of the Joumal of the prenious legmilative day was dispensed with

## LEAVES DF ABSENCE FOR THE DAY

The fallowing Members weve granted leaven of absiner lior the day berause of allness

Mr Craven, on request of Spodker Morarthy
Mr. Vmeent Thomas, on requent of Sperker Mefinths.
 on personal bumuess, and deaned to wate then purdiem
Mi Brown, on reyuest of Spenken M. ('arlhy
Mr. Kinox, on request of Epoakel Mas dithy

## RECESS

At 1137 dm , Spedker Mecouthy der laned the Asumble wermed
reassembled
At 24.5 pm , the Ansembly resomenerd
Hrom Leo T Mecinthy, Spealien al the Awombly madme

## ADJOURNMENT

At 246 lrm , Speaker Ma Catly delated thr Amombly digumed untrl 9 a mm . Tuesdely. May $6,197.5$

LEO T MeCARTHY, Speder
AVABEL FleEDRY, Mmute Chom

## CALIFORNIA LEGISLATURE

## 1975-76 FIRST EXTRAORDINARY SESSION

## ASSEMBIY DAIIY JOURNAL <br> FORTY-SECOND LEGISLATIVE DAY <br> SEVENTY-NINTH CALENDAR DAY

## IN ASSEMBLY

Assembly Chamber, Sanramento
Tuesday, May 6, 1975
The Assembly met at 1023 am
Hon Tom Suitt, Membes of the Assemblr, 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 ther names- 74 .

| Alatorre | Collier | Lanterman | Priolo |
| :---: | :---: | :---: | :---: |
| Antonovich | Cullen | Lewis | Ralph |
| Armett | Davis | Lorky er | Robinuon |
| Badham | Deddeh | Mac Donatl | Rasenthal |
| Hane | Dixon | Madrly | Sucglet |
| Rammat | 'Duffy | Mchlistre | Sierots |
| Berman | Egelant | Melennon | Sutt |
| Berpily | Fenton | MeVittie | Thomak Villam |
| Boatwrigkt | Foran | Moade | Thurman |
| Briger | Goggin | Milimer | 'Jomrea |
| Burke | Greme | Mohles | Tucker |
| Cralvo | Gualco | Vuntota | Vasconcellas |
| Camphell | Hast | MOL | Yicencia |
| Capenter | Efoden | Vunphs | Warien |
| Chacon | Ingalls | Nuctande | Wiknon |
| Chapple | Kapiloft | Nimmu | Vounum |
| Chel | Kepne | Papan | Z'bers |
| Chimbole | Keyror | Prrao | Mi Nipeuker |
| Clune | Lancastel |  |  |

Quorum present.

## REGULAR BUSINESS DISPENSED WITH

By unammous consent, theregular ordm of busmens ot the Assembly was dinpensed with for this learslatuve day.

## LEAVES OF ABSENCE FOR THE DAY

The following Members were granted ledses of absence fol the day, because of illness

Mr Ciaven, on request of Actimg Speakel Suntt
Mr Vincent Thomas, on request of Acting Speaken Suitt
The folkowng Members wearegranted lenves of absure for the das on personal busmess, and desired to watve their per dirm

Mr Brown, on request of Actmy speakel Suitt
Mr Knox, on request of Acting Sperker Sutt
The following Member was excused for the day, and bu pel duem was wanved

Mr. Garamendi.
RECESS
At 1024 a m , Acting Speaker Surtt deelated the Assembls recessed REASSEMBLED
At 245 pm , the Assembly , econverned
Hon Tom Suitt, Member of the Assembls, 75th Distifet, presidng ADJOURNMENT
At 246 pm , Aetmg Speaker Suitt declared the Assembl: adyoun ned untul 9 am, Wednesduy, May 7, 1975

LEO T McCARTHY, Speaker
ANABEI, FLEl'RY, Munte Clerk

## CALIFORNIA LEGISLATURE

1975－76 FIRST EXTRAORDINARY SESSION

## ASSEMBLY DAlLY JOURNAL

## FORTY－THIRD LEGISLATIVE DAY EIGHTIETH GALENDAR DAY

## IN ASSEMBLY

Assembly Chamber，Sarıamento
Werluesday，May 7， 1975
The Assembly met at 1023 a m
Hon Louns iJ Papan，Sperker pio Tempone of the Assembly，prenth－ ing

Chief Clerk Jamps D Driseoll at the Desk
Assistant Clerk Ray Monday teadmg
ROLL CALL
The roll was ealled，and the following answed to then mame－ $7: 3$

| Alatole | Collet | Kが吅 | Perumo |
| :---: | :---: | :---: | :---: |
| Antono ich | Culderis | J．amedater | I＇ajolo |
| Arnett | Javis | 1．anturman | Ralph |
| Barlham | Dmind | ］avic | Rowinthat |
| Bane | D1204 | Jorichiol | Siegler |
| Irannas | I） | Micl menald | Smenty |
| Berman | Leneland | Mratis | Siliti |
| Bevela， | Femtun | Mlcalinter | Thomas．Wilham |
| Boaturinht | F＇ornir | 入evtter |  |
| Bilgge | Goramemti | Mcata | Tonsm |
| Bratie | Gogitil | Niller | ＇Tux |
| Cinto | Giterum | Mrhby | Finuthmedlos |
| C＇ampleall | gualeo | Meritora | Vierneia |
| Conpenter | Hait | Mons | Wintren |
| Chacoll | Handen | Murph | Wilacon |
| Chaplie | Intik | N以tande | Wornum |
| Chel | Kapuloff | Nimmo | Z＇herg |
| Chambole | Komer | Ptpan | Mi Npeaker |

Quorum present
REGULAR BUSINESS DISPENSED WITH
By unanimous consent，the regulat onder of busmess of the Assem－ bly was dispensed with foi this legrslative day．

## （1）

## 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 pio Tempore Papan
Mr Robinson, on request of Speaken pro Tempore Papan
Mr Vincent Thomas, on request of Speake: pro Tempose Papan
The following Members were granter leaves of absence for the day, on personal busmess, and denred to wave therr per diem

Mr Brown, on tequest of Speaker mo Tempore Papan
Mr Knox, on request of Speaker pro Tempore Papan
Mr McLennan, on request of Speaker pro Tempore Papan

## RECESS

At 1024 a m , Speaker pro Tempore Papan declaıed the Assembly recessed.

## REASSEMbLED

At 2.45 pm , the Assembly reconvened
Hon Lous J. Papan, Speaker poo Tempore of the Assembly, presiding.

## ADJOURNMENT

At 246 pm , Speaker pro Tempore Papan declared the Assembly adjourned until 1 pm , Thus sday, May 8, 1975

J,EOT. McCARTHY, Speaker
ANABEL FLEURY, Mmute Clerk

## CALIFORNIA LEGISLATURE

## 1975－76 FIRST EXTRAORDINARY SESSION

# ASSEMBIY DAIIY JOURNAL． <br> FORTY－FOURTH LEGISLATIVE DAY EIGHTY－FIRST CALENDAR DAY 

## IN ASSEMBLY

Assembl）Chambel Sarramento Thusdic Mal．8， 1970

The Assembls met at 449 pm

Chief Clerk Jamen D Driseoll at the Desk
Assistant Clerk Ray Mondry reading

## ROLL CALL



| Alatole | （＇linu | Kハッハ | 1－mino |
| :---: | :---: | :---: | :---: |
| Antonowich | （colder | Lalleavtra | 1＇1 mint |
| Armett | （＇ulla | Letulutmels | ［Ratids |
| Bratham | 1）a， | Lamin |  |
| H．ane | Bodileh | 1،ockus | Numanthil |
| 13014ar | 1נハハ\％ | Mate l moneld | Sugker |
| Serman | Dull | Stadk |  |
| E0\％＋it | Shematud | Matindat | Stilt |
| Boatusiaht | Ceution | Mal ，minl | ＇Thamban WH16．1m |
| J13 19， | lownm | V． 1 itte | ＇1＇harthat |
| 1310mb | （i，framemeth | Ma，mb， | Tusta |
| luasme | （10g\％${ }^{\text {a }}$ | Mhils | ＇Jumber |
| citho | （ilerner | Valus |  |
| Cimulyell | （turits | Monlwa | Incerba |
| ＇Surubter | Hat！ | Morr | Whistill |
| Clhite on | Hhapdren | Muph | Was！il |
| Chtrume | Ingalm | Nimitutir | 1101110 |
| Chul | Katulott | 入imbur |  |
| Chimbure | Kıtsu | I＇rban | M1 Nmathen |

Qumrun present

## PRAYER



 bod，and we ask that Yon gande in with Your wimbon on wo dehborate



 know the Truth，and be led br the Jabitt of Your mionuded wadom Thank Yom lard for Your lan la denn Name we pray－AMEN
（1）

## Pledge of allegiance to the flag

Upon request of Speaker McCarthy, Mr Colher then led the Assembly $m$ the pledge of allegiance to the Flag

## MOTION TO DISPENSE WITH READING OF THE JOURNAL

Further reading of the Journal of the prevom leanstative day was dispensed with on motion of Mr Dixon, seconded by Mr Calso

## LEAVES OF ABSENCE FOR THE DAY

The following Members were, granted lenves 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 wave his per drem

Mr Knox, on request of Speaker McCarthy

## AUTHOR'S AMENDMENTS

Committee on Housing and Community Development
Assembly Chamber, Man 8, 1975
Mr. Speaker The Chauman of soun Commitee on Housing and Commumtr: Development reports
Senate Bull No 2
Senate Bill No 4
With author's amendments with the recommendntion Amend and ie-iefer to the Committee on Honsing and Communts Deselopment

CHACON Chaman
Senate Bill No. 2-An act to amend Sections 11552, 11556,16522, and 53651 of the Government Code, to add Divisom 31 (commenarer with Section 41000) to, and to repeal Part 8 (commen'mer with Section 37000) of Divison 24 of, the Health and Sdfety ("nde, and to repeal Sectron 8 of Chapter 1222 of the Statutes of $196 \bar{x}_{\text {, }}$ ielatury to homsulg, and making an appropriation therefor, and poudme for the parparation, issuance, and sale of state bonds to cieate a fuml to be ured by the Calforna Housug Fmance Agency to make lows tor finanemge housing developments, and poovidmg for tle subminion of the hond measure to the people at a special election to be consoludated with the 1976 direct pimary election.

Bill read second time

## Consideration of Author's Amendments

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

## Set No. 1

Amendment 1
On page 16, line 23, of the pronted bill, as amended in Senate Apul 29, 1975 , strike ont "avaing '", and msert "to avall" 1

## Amendment 2

On page 16 , line 39. after "program", mbert "cieated pursuant to rules and regulations of the ngency".

## Amendment 3

On page 17 , lone 7 , after "program", insert "approved by the agency that is designed"

## Amendment 4

On page 17, lane 23 after "the", msert "United States"
Amendment 5
On page 17, line 40, after the semeolon, insert "or"
Amendments 6-8
On page 18, hane 1, struke out "pait", and invert "divism" "
Amendment 9
On page 18, line 22, after "entaty", msert "that as approved by the agency as sufficient'".

Amendment 10
On page 18 , line 40 , after "proposed", insert "partiripatmg roncentrated".

Amendment 11
On page 20 , line 30 , after the seeond conma, insert "to"
Amendment 12
On page 20 , hane 40 . struke nut "cash suthy required for". and msert "total cost of "

Amendment 13
On page 21, line 28, strike out "Guaranteed", and msart "Cuaranteed taxable bonds"

Amendment 14
On page 22. line 39 , dfter "uluch". msert "the diener determmes"
Amendmente 15-17
On page 23, line 11, strike out "board", and msert "åency"
Amendment 18
On page 24 , lue 10 . strike out the first "the'", and msert "dn"
Amendment 19
On page 25, hne 9, strike out 'buildung', mid insert "housing development"

Amendment 20
On page 25, line 10. strike out 'buildng'. and msert "housing development"

## Amendment 21

On page 2\%, line 21, strike out "Plise first", strike out lmes 22 to 24, melusive, and msert "lleusing suheidies shall be first alloerted to the agency Ouly after the Neobens of the Bumese and Tramportattron Agency has determmed that the deancy has yuffiniment subsidies for its purposea mas., housma mbilien be allownted to othrer divisions of state govermment ${ }^{\text {a }}$

## Amendment 22

On page 31, line 8, strike out " federal housmg "

## Amendment 23

On page 31, lme 11, ntrike out "the ", ant insert "any such".

## Amendment 24

On page 36 . line 13 , dfter "entities". insert ", as defined in Soc tion 7260 of the Government ('ude."

## Amendment 25

On page 36, line 17, ofter "to", muart "such"

## Amendment 26

On page 36, line 21, after "require", msert "sueh"

## Amendment 27

On page 43, line 21, after the pund, meat ' The agemy combitutan a publie instrumentality and a politied subduvison of the state, and the exeremse by the agency of the powers contered by thin divison chall bo deemed and held to be the jertormance of all espental pubhe funetion

## Amendment 28

On page 48 , between lines 37 , and 38 , mesert
"Actions of the buard maty be taken ouly by a concurvence of a majority of the enture memberhup then wot "

## Amendment 29

On page 51, line 9, strike out "However.", and stake out limes 10 to 20, melusive, and msert "This dinmon shall be depmed to promde a complete, additional, and alternative melhod for dong the thing authorzed thesehy, and whall be regaded at supplemental and aldstional to poner, confered by other lens, provided, thit the issuame of bonds and refunding bouds undes the provsmons of thes part merd not comply with the requirempats of an other law apphestele to the resuance of bonds, and provided, that in the comatration ami deguantom of a project pursuant to the provinomin of thas dumon the denes need not comply with the requrement of any other lak applinable to construction or aryouthon af pablie works ayerpt as yeferficills provided in this chysion Howevar, the',

## Amendment 30

On page 5l, line 22, strake out "to whech a housing spousor is a party", and insert "for the combtation or rehabilitation ot housmes developments".

## Amendment 31

On page 54, line 9, after "conts", whent "on to servime bonds of the agency ':

## Amendment 32

On page 56, lines 13 and 14 , strikt out "modification of any agteement with bondholders", and susert "ans agteements with bulders of particula bonds'

## Amendment 33

On page 56, lames 14 and 15, strikr ont "promipal and intompat from'".

Amendment 34
On page 56, line 28, stroke out "To", and meret "Subject to any agreements with holders of particula bouds, and to $n$ ".

Amendment 35
On page 56 , lime 32 , strake out "Surh', and ment ' Subynct to smh agreements, such"

## Amendment 36

On page $5 \overline{7}$, between linos 3 and 4 . Inceret
"With respect to deposit of monirys me the find purvand to tha
 thereof be lodged with a bank or tact mompans loweded in the stai
 requmement the therobitay shall, if ollatetal in io be prosided for 11





 appleation amd daposition theredi and the memone therefiom solely for
 ment $A$ cope of each wioh areremient and ans revisonc or supplemant thereto shall be filed wath the Seeretas af State and no farther filmo
 other law of the state shall be requared to pertmet the seremst momat
 therefor, and the luen and trust tor the burnefo of the dewhes ur erodted

 positary."

## Amendment 37

 agreaments with holder's of partu ulde bonds, all"

## Amendment 38

On page 58, Ime 31, after "duchery", mment "to make additional hanm or ${ }^{\prime \prime}$.

## Amendment 39

Ou page 60 , line 4 , after " ${ }^{\prime \prime}$ ", marit " real"

## Amendment 40

On page 61 , line 8 , after '"luds", ment ", loan-gharantee,"

## Amendment 41

On page 62, lues 9 and 3, strike out "Whereser pmoble the", and insert "The".

Amendment 42
On page 62, line 27, after "pumeiphl, insert ", iodemption pure of,' '.

Amendment 43
On page 63, line $\bar{T}$, strike out "pat", and mopit "dusion"
Amendiment 44
On page 63, line 32, after "dis ", arscrt "owner-occuphad"
Amendment 45
On page 63, hme 37, strikn out 'part", and insert "dwnion".

Amendment 46

Amendments 47-49
On jaye 66 , line 33 , stuke out "to", and usert "fur the purpose of developing'"

Amendment 50
On page 69, lime 28 , stroke out "Lanns", and mert "Mortpige loans"

Amendment 51
On page 69, hane 29, dfter "umlew", msert "the nernet determmas that".

Amendment 52
On page 71, lime 19, strike out "oreupalits', dud msert " temath'

## Amendment 53

On page 71, lme 24, strike out "An!", and mant " Therolife fiom"

## Amendment 54

On page 73, lime 1 , dfter "fon", msert "the reguldton of"
Amendment 55
Ori page 75, Ime 27, stuke out "suthement", and msert "ariequate"
Amendment 56
On page 75 , lue 32 , atime out "mancment", aud insert "ralequate"

## Amendment 57

On page 77, line 15, strme out "purt', ant msplt "drismon'"

## Amendment 58

On page 77 , lme 19 , strike out "part", and mert "division"

## Amendment 59

On page 79 , Ine 10 , after "appheation", msert "for a loan m" grant".

## Amendment 60

On page 80 , lme 9 , strike out "the lueal houming agent", and msert "both the local housing agent and the agency"

## Amendment 61

On page 87, mes 6 and 7 , strike out "onc-half of the anthorization for nonguaranteed bonds", and mert "one hunched fifts mullion dollars ( $\$ 150,000,000)^{\prime \prime}$.

## Amendment 62

On page 8R, line 6, strke out "that", strike out limes 7 rand 8 , and insert "pursuant to Seetion 41713"

Amendment 63
On page 88 , strike out limes 9 to 16 , molucive

## Amendment 64

On page 88 , lines 29 and 30 , strike out "prydble in ammudt mstallments".

## Amendment 65

On page 89 , line 1 , after "sold", msert "at public or private sale".

Amendment 65.5
On page 89, line 15, strike ont "moteholdera nr"

## Amendment 66

On page 90, line 36, strike out "such motes or'"

## Amendment 67

On page 91, lime 33, strike sint "din mdenture", and msert "a rentlution ${ }^{\text {P }}$

## Amendment 58

On page 91, hene 34 , strike nut 'revelved from a promen in a' and insert "pledged for the serunty of sueth bouls in nom or mome"

## Amendment 69

On page 91, hne 35, strke out 'rucumt' and mart "acuounts'"

## Amendment 70

On page 91, line 37 , strike out "tund", allt insert "recounts"
Amendment 71
On page 91 , line 38 , strike out "mdenture", and msert "resolution"
Amendment 72
On page 92, hne 7, strike out "corpordion", and unsert "agency"
Amendment 73
On page 93, line 26, after "reshrye", whent "fund"

## Amendment 74

On page 93 , line 33, strike out "memmental", and mart "merement'.

## Amendment 75

 not be deemed to "onstitute a debt or hinbility of the vate of of any pohtical subdivison thenef other them the agenty in a pletion of the fath and eredit of the state of of ame sum polituat sumbisum other
 mded therefor All sun houds whall wontan on the tare thereot a statement to the followng effect "Neathen the fanh and aredit nor the taxing power of the Stata of C'iliforma is pledued to the pas ment of the promerid of or unterent on this bond "
 directly or indirectly or "ontupently obligate the state or whe politheal subdivison thereof to lesy or to phetper amy form of tavation whaterer therefor or to make aly appropatom fon them manemt Nothang antrmed on this section whill prexent in be comatrued to prewent the agency from pledging its full fath mat weht to the pryment of bouds or sssue of bonds authonazed parnent to this part "

Set No. 2
Amendment 1
On page 13 , strike out linen is to $\boldsymbol{T}$, melustre

## Amendment 2

On page 13 , line 8 , strike out ${ }^{\prime}(b){ }^{\prime \prime}$.and msert "(a)".

## Amendment 3

On page 13, line 11, stake out ' $(x)$ ', and insert "(b)".

## Amendment 4

On page 13, line 14, strike out " ( 1 ) " ' and insert "(e)"

## Amendment 5

On page 13 , line 18 , strike ont " $(\mu)$ ", and msert "(d)"

## Amendment 6

On page 17, line 20, strike nut 'develop'", and insert 'adopt '
Amendment 7
On page 18 , lme 5 , strike out "the", and uremt "dal"
Amendment 8
On page 18 , line 6, strike out "determmed by the digens to be"
Amendment 9
On page 18, line 7, after "oblgations", misert ". reserve tryurements,"

Amendment to
On page 18 , ime 8, strike out 'motgage for wheh an', itrike ont lines 9 to 11 , meluswe, and msert "lown financed bo the apency for wheh such interest rate in established, as determmed be the agemes parsuant to its rutes and regalations at the tume of eommatment of fund "

## Amendment 11

On page 18, line 23, strike out "rehibilitation assistancr fimanced", and mpert "finameng dssistaner"

Amendment 12
On page 18, lime 26, atrike out "rehabilitation'", and mert "filamemg".

Amendment 13
On page 18, lme 30, att the out the second "the", and mert "an"
Amendment 14
On page 18, line 31, after "dengindion". mbert "is a partic peationg con entrated rehabilatation area's.

Amendiments 15-16
On page 18, lme 37, 4trike out "relhbilitation", and msel " finduring"

Amendment 17
On page 19, Ine 7 , strike out "uehabilutation", and meert "finchic mg'"

## Amendment 18

On page 19 , line 8 , strike ont " $(4)$ "

## Amendments 19-20

On page 20. line 12, after the persod, msert "Development conta for relabilitation may include, maddition to the cost of rehubilatation, the cost of geupral improvements to the structure not mexpess of 20 percent of the total rehablitation cont, except that up to to percent may be included in the casp of uwner-vecuped housing developments"

Amendment 21
On pape 22, line 25, after the periond, inselt " "Housing develop'ment'" also means housmg rehabilitated with finamemp proviled pursuant to this division whether or not oceupanes will change as an merdent to sach rehabolitation, but exdusive of housing reliabiltated through nephborhood mpiosement loans"

## Amendment 22

On page 22 , me 39 , strike out "chld day-eare", and msert "chuldeare'".

## Amendment 23

On page 23, line 17, after "development', unsert a comma
Amendment 24
On page 23. strike out limes 18 to 20 , melusive, and msert "other than a nonprofit sponsor ar locel public entity "

Amendment 25
On page 24, line 2, strike nut "lorms for rehablitation, the', and insert "neghborhood mprovenment loans, an"

Amendment 26
On page 24 , line 5 , strike out the second comma
Amendment 27
On page 24, han 9, strike out "rehabilitation". and mapet "narghborhood improvennent".

## Amendment 28

 ing of existing mortgige obhgations a anthorzed by regulation of the agency,"

## Amendment 29

On page 24, between hnes 36 and 37 , msert
"4105:35 "Neughborhond mpuorment loan" meams a loin marle. for rehabblatation and improvement of a structure an a parturpathing concentrated rehabilitation area or patiepating mortgage funds ds. sistance area pursuant to Section $415.54^{"}$

## Amendment 30

On page 25, Ine 2, rfter "cooperdice", msert "honsung"

## Amendment 31

On page 25 , strike ont lmes ${ }^{3}$ and 4 , and wh lime 5 , virke sut "Code
 of Section 1720 of the Revenue and Taxation Code,".

Amendment 32
On page 25, strike out lmes 6 and 7, and insert "agency as"
Amendment 33
On page 25, line 11, after " 1 ', msert "or will be"

## Amondment 34

On page 26, lune 1, after "income", msert ", as estmated by the agency from time to time'.

## Amendment 35

On page 26, lime 5, struke out "obsolete", and insert "too low, in a particular geographic area, to guality persons and families of low or moderate meome for ocenpancy of mewly constructed housing developments'".

## Amendment 36

On page 26, line 7 , after the period, unsert "Nothing in this section shall prevent the agency from adopting federal estmates of area median meome and adjustments for family size as income hmitations for persons and famlien of low or moderate moome "

## Amendment 37

On page 26 , lue 10 , strike out the first comma

## Amendment 38

On page 26 , strike out limes 39 and 40 , and on page 27 , strike out limes 1 to 10 , melusive

## Amendment 39

On page 27 , between lmes 26 and 27 , mnsert
"410655 "Structure" mans a real property improvement used. or monded to be used, for ressidential or mised residentid and commercal purposes, or for commerema purposes if, m the judrment of the agenery, it is an integral part of a residental neighborhood "

## Amendment 40

On page 32, line 33, strike out "momnetropolitan', and insert "all areds outside metropolitan alens (whirl may be divided into one or more multicounty areas by the department),'".

## Amendment 41

On page 32, line 36, stulke ont 'Sectuons 41054 and', and msert "Section".

## Amendment 42

On page 33, line 5, after "present', msert ", for each county, area, and region,'.

## Amendment 43

On page 34, strike out lines 13 and 14 , and msert "Section 41126 "
Amendment 44
On page 37, line 16, strike out "the finanemg', and insert '1den. tifyng geographic housing market areas requiring fintucing for purchase or rehabintation".

## Amendment 45

On page 37, line 17 , strike out "rdentufiable", and insert "identifying".

## Amendment 46

On page 43. lime 27, strike out "ant seven', and usert "five"

## Amendment 47

On page 43, lime 28 , after "Goverimo", msirt ", mis membol ip pointed by the Genate Rufe ('omumtor, and one momber apponted by the Speaker of the Assembly '"

## Amendment 48

On page 44 , line 6 , after the period, msert "At least one of such members appomited by the (quem now hall be a readent of a rural on nonmetropohtan area"

## Amendment 49

On page 4.5, lme 6, after "board". unsert "appouted by the Sphate Rules Committee or Speatier of the A suembly"'

## Amendment 50

On page 49 , strike out limes 9 to 35 , melusive, and medt
"41332 In merting the housing weeds of primous and famrine of low or moderate income not leas than 30 pereent of the mate finamed

 at aftordable rents, unless it anot possible to obtan subatime meres.

 part of the agency determmen that at ablots 10 nhlare exarentls wat able subadiea to meet the reajumements af tha seefich woukd be jerepardized thereby

41332 S The agater shall atho serla to attan the following obje tives
(a) Acquisitron of the maximan anownt of fumin adilable for sub
 naneed pursuant to thas part "

## Amendment 51

On page 52, line 18, after "color" , mort a comma
Amendment 52
On page 61, Tme 16, after the second comma, msert "nemphorlood mprovepnent loans,"

## Amendment 53

On page 61, lme 24. after the eomma, unsert "and"

## Amendment 54

On page 61, lme 26, after the persod. mselt "The agran y mar in conjunction woth a eonstruction loan, set aside a reserie to proxide

 7 of the Goverument ('ode, wheh shall be in hell of moprovement


## Amendment 55

On page 62 , line 37 , after "to", insert "persons and familes of low or moderate neome," .

## Amendment 56

On page 62, line 37, after "sponsor", msert a comma
Amendment 57
On page 64 , lime 33 , strike out "in mpatial', and msert "a"

## Amendment 58

On page 6t, lime $3 \overline{3}$. after "held". mocet "by an memartal monntual or panel selected or approved by the "neney"

## Amendment 59

On paye 6ī, line 33, strike rut ' h , a housug sponsor whel is', strike out line 34 , and in lime 3.5 strike out "smagle-unt", and msert "of an owner-occupied"

Amendment 60
On page 65, line 38, strike out "purehase" , and msest "sale"
Amendment 61
On page 65, lume 39, after "dowdopment" msent "pursuant to Section 41398 , not in excess of appiamed vollue"

## Amendment 62

On page 66, line 18 , strike out "guaranteed", and msert "guarantee".

## Amendment 63

On pnge 66, strike out lines 34 to 40 , mellusive

## Amendment 64

On page 68. lines 20 and 21, strike out "construetiou loan obligations, mortgage loan obligations", and nisest "oustrut tom lonss. mortage loms, oblyations secured by rombturion lomen montgage loans".

## Amendment 65

On page 68, lines 23 and 24 . stake out "siuh combinuturn lom obligat ons or mortgage loan obligations". and ment "The eomstruction loan or mottage loch purn lased, hissighed, or setrmg as security."

## Amendment 66

On page 68, lines 28 and 29 , talke out "ronstruction luan obligat thons or mortgage loan oblgatwins', and usent "anstraction luens mortgage luans, ublyations selured by ponstrik tion loan on murtgage loans, or participations thetem"'

## Amendment 67

On page 68, lmes 30 and 31, atrike wut "combtructinn ludn oblupations or mortgage lorn obligations', and meret "sawli loans, obligutions, and particepations"

## Amendment 68

On page 68, lme 34, after "dny", mest "pendental mnitgage or any"

## Amendment 69

On page 68, line 34, after " $\alpha$ ", msert "madental".

## Amendment 70

 tal mortgiges, or particrpations"

Amendment 71
On page 69, atroke out lmen 23 to 2.

## Amendment 72

On page 72. betwefs linm: 3 mill + mert



## Arnendment 73

On prge 72. hne 37 attike ont "hanted durdend"
Amendment 74


## Amendment 75



 meluding limstation or ${ }^{. "}$

## Amendment 76


 regulationm of the agerus"

## Amendment 77

 elderly and"

## Amendment 78

 "the handurapprad"

## Amendmient 79





 ment "

## Amendment 80



## Amendment 81

 fisedlyodr'

## Amendment 82



## Amendment 83

 other proviminn of lan"
 HISTORIC PRESERVATUN" amb mbert
"NEICIIBORIO(OI) I'RESERVATION"

## Amendment 85



 funds aswistance areds and to enter mon aghemonter with toest public
 does not lomat dgene powers to provide comstumen loans and mortgage loans for rehabilitition of homang dewhopmanta is prosided in Chapter 5 (commenchus with Section $+1+50$ of this part
 for the allowition of fincmume asostamer pumarmi to this chapter among elogble alous and ambim and wine thronghout the state in so dougg, the agencs shall take mon arrount the followmg faturn, to the extent applicable
 structures to derent, safe, and samitury emidion
(b) The impaet of fimancmig assutanee it stobligme abom neighborhonds and presenting or atratine the prowest of detemeration

 housme opportanties for very-low-miome hathethola
 uthezation of commanty development fourls made avalible pursuant to Title 1 of the Ifousing and C'ommomet Derelopment Aet of 197t (Pubhe Lat 9 93-98:3)
(e) The avaldbility and fembibte of alterinatise means to dehereve substantally the sume results as fitmome desstane prosided parsuant to this rhapter"

## Amendment 86

On page 83. line 3, struke out "Rehrbilitation" and msert "Flnancing'

## Amendment 87

On page 83 , line 3 , strike out "single-unt",

## Amendment 88

On page 83, line 6, strike nut "proptams", and msert "tipen of loans".

## Amendment 89

On page 83 , strike ont hates 7 to 20 , midusive and insert
"(a) Development loans fer prepalation for mhablitation

(e) Construation loam tul rehtabitation
(d) Comstauctoon hans and mortgage loans for pohdoblitation and acquistion or refininemg, where the"

## Amendment 90

On page 83, the 21, after "of", mert "acqusition and rehabilitetion or the eost of"

## Amendment 91

On page 83, Ime 20, strike out "The" and insert
"For owner-occupind housun derelopments, the"

## Amendment 92

On page 83, strike ont limes es to 40 , mbluvie, durl on page 84 strike out limes 1 to 23 , melusive, and insort
" 41054 In addition, neinhborbood murovemunt loms may be provided, on the followning terms
(a) Neighborhood mprovement loans need not be subject to the condifions applarable to mortgage loans an comatruction loams mate to housing sponsors for housing developments, except as follows
(1) Structures findnced shall be depmed to be housing developments, and their owners housing sponsors for purposes of Chapter 1 (commencing with Section 41300) and Chapter 2 (coummenem with Seetion 41331 ) of thes part
(2) Nershboihood improvement shall be subject to such conditions as may be provided by agrement between the ageney and a loral publuentuty admurastermg the program
(b) Nembhborhood mpoovment lomens shall be made at market moterest, except that loam to persons and famblen of low on morierate m come for iesidental stuctures of one to fonr umt, whath ane to be occupied by the owner mav be made at lower interent iaten based our income.
(a) Nesohborhood mprovement lomes shall be mate by the almome termg agency or loual publs antity, exuep that loans at maket miterest may be made though a qualifire montgage lendet whuh wiphias 7.5 percent of the fumbls for each loan
(d) Nenghborhood manomement loans shall be made ons for restdental strutures, exept that buh Ioans may be made for othe, statetures of filanomg at masket merest is wat othen me aralable
(e) Rethamumy may be poonded, but only as necesbay to permat the owner to affond the cont of ophabintation or to ummman tent mereases for occupants of the structure whose : put would othen wise exceed affordrble lents due to the expense of rehabilitation, and piovaded that the cost of rehabilitation is at leat 20 perrent of the prmespal amount of the loan
(f) Nembon hood monorement loma other than for ipfinamemer shall be made for 1 ehabilitation coots In adratam to the artual cont of rehabintation, of any, luan may be made for geneal iepans and improvements to the sti urtuce manomits not mexeen of the wemetent of
(1) Tho thomsand five hundred unllas (\$2, 200) pet dwellmg unt
(2) Twenty percent of rehrbititation couts mo the tive of atructure other than a readental strutume of one to tom wats to be orenpied by the owner
(3) Foity percent of pehabilitation costs in the case of a lestential structure of one to four unts to be oceupred by the owner. (1)
(g) The agency shall require that boriowers contract dutme the



 structures of one to four mute whith are to be orrmped hy the ownes
 (h) of Sertion +1551.


 as are permitted hy resulatum of the dicme $y$

 fronal regulations and agieemente, mot mambitent with thas sertom, an are deemed newescary to fun ther the pmopore of thas pat "

```
Amendment 93
On page 84 , line 26, aftel "temporary", iusert "or permathent"
Amendment 94
On page \(8 t\) strike out line 34 , and msent
"415.56 The".
```


## Amendment 95

```
On page 85 , struke out limen 1 and 2 , and mest
"(b) There is not a substantal number of atineturen in the ared"
```

Amendment 96
On page 85, strike out haes 4 to 7 , mullheme

## Amendment 97




## Amendment 98

On page 85, strike out line 23

## Amendment 99






Amendment 100
 bot hood imporement ${ }^{\text {. }}$

Bill ordered apminted amd to be re-referied to the Commultere on Housing and Commant Development

Senate Bill No 4-All act to adel Chapter b.is (rommandme with Section 4 (600) to Part 3 of Divson 31 of the Health and Sitely Code relating to houngr, and makne and apmombition therefor

Bill read cecond tme

## Consideration of Author's Amendments

The followng author'h dinendments, pursinant to the Anombly Rulec, were seat, and wlopted:

## Amendment 1

In lum 1 dard 2 of the title of the pronted bill. as amended in Semate April 21. 197. stoke out "Chupter 65 (commencug with Seetion
 +200(0) $10 "$

## Amendment 2

On page 2, stake out line 1, aud insert
"SECTTON 1 Pant ( (emmminemg with Section 42000 ) is added to Divisom 31 of the Herith and Satety Code, to read

## PART ; BOND AND LOAN INSTRANCE

## Chiapter 1 Gentral Provishong avo Dlfintmoas

42000 The Leepsistiture finds and dee lares is follows
(a) For redson of prudent invatment policy, prisate lendeng insto.

 developments oxeripted or mitended to be execuped by subtantal num-

 raused and comtributed to dithemention of mandental nemphberthors


 able to prisone and fallilite ot low dud moderate arome
(b) By the madment of the Mathe-Foran Readentian Relabilatition
 the state has anthorized boal deandas, rederelopment dienemen and


 "mutly fandald to mable them to make lome at lan than the market-

 order to latice fumd tor houbing shbiatamer, mas be mable to maket
 deromplath ith purpomen

42001 It is the matent of the Legralature in ellatimg tha part to







 improse the marketabilts of revenue bonds sold be the agelues be providing for maname of lome mode of abinted by the ageme tor new
construction of housing development lecated in particinathom mortuane funds assistance areds
42002 The arene? shatl teqmue that nevoproney of homsme for whach a loan is msured purnuant to than part shall be apmen to all re-

 rehablitation of housing funded by a loan moned parsudut to this part shall provide an equal opportunity fon emplorment withont discrimination as to race, sex, marstal status, color, religion, nitional orngin, or an mestry

42003 Unless the rontext otherwise requises, the defintims romtamed in this chapter shall gnvem the comstruction of the part

Such defintions shall be in addition to defintions set fom the in Part 1 (commeneng with Seition 41 orio) of the divisom, exeppt that whene the same term is defued in thas chapter and in sula fart the definnthon of such term contamed on this rhaptes shall presal

42004 "Approved lendmg matituton" means a qualafien mortaran lender approved be the agemer for partupation in a proxerim of lodn
 as are permitted by regalation of the aperme "Appened londme mstitution" shall alow melude the derney

42005 "Bend reserse regurement" meatis an amomet spe fified bs regulations of the agenes wheh shall, as of me patuulan dite of romputation, be at least equal to the total of (1) manamer benefite due and parabie as of such date under sentrinte of bond mantimere and (2) 5 pereent of the cum of the ageregate mandme outctaming under
 under the arencs 's comminnents to mane honds
 menemg with Section 37910 ) of Division 24

42007 "Citizen parturpation" means action by the local agenc: to provde percoun who will be affored be rebabintation within a participating eoncentrated rehablatation ared or participatiog communty mprovenent area with opportumtien to be mvolved in plammeng and carryug out the rehablitation progtam "('itizens parturipation" hall include, but not be lomited to all of the following
(a) Ioldmg a puble meeting pror to the hearing be the hoeal goveming body comsidemg selection of the proposed particpating amcentrated rehabilitation ared or participating communty mprosement area
(b) Consultation with on elected or apponted ritizon advisor: board, composed of representatios of onners of propestre in, and restdents of, the proposed parturpathen eoncentiated relablitatiom area or partiop pating communts mprocement area, an denelopmg a plan for puble mprosements and mplementation of the embibitation prompan
(c) Dissemmataon by mang to property owners wathon the proposed partupatug concentiated rehahilation area or participatimg
communty improvement arra at the address shown on the latest assessment roll and by distributum to residents of the aled be a maner determmed approprate br the lowal agener, of mformation relating to the tme and location of meetmes, boundaries of the proposed area, and a general description of the proposed rhabilatation program With respeet to a proposed eommmenty mprovement area. inth notice shall be sent only to property owneris in the area who will be subject to the proposed reliabilitation program
(d) Any other means of eitizent molvement determined appropriate by the legislative body of the local ageney

Public meetmge and concultations held to implement the rerpurement of citizen partienpation shall be comduated by a planung or rehabilitation offcial designated by the legislative bod of the loral agenes Puble meetmus shall be held at tumes and places convement to residents and property owuers

42008 "Insurame Fund" means the Housing Rehablatation Insurance Fund

42009 "Insurance reserce regurement" means an dmount sperfiest by regulations of the neeney whech shall, as of anv poptieulas date of computation. be at least equal to the total of (1) manamee beurfite dur and pasable as of surh date pursuant to contrate of lodn mameanio and (2) 5 percent of the sum of the ageregate maurane outhandum: under contrate of loan msurane and the agregata amomith to he in sured under the rycues 's commatments to msute loans

42010 "Insured lean" medus a loan msured pumbint to ('lapter $t$ (commenting with Section 42060) of this part

220]1 "Legmatice borly" mesma the caty counal burld of super risors, or othen legaslative body of the lowit agener
 of the ormand promepal balitace of a loan to the apporesed value of the property recoulug it

42014 "Paticipding commmoty imporement ated medin an

 area designated by the agomer punand to Serdinn $+20+5$



42017 "Qualified relabilitator" merns a bouman uponsw whell 1



 eligible for an mared dequisition boan be relabilitation condueted pur-
 whe as monderl by the ade mey tor sueh rehabintation

42019 "Rehabihtation atandards" mpan apphathe state or lotal houswg and buldmg standards the purpow of which is to mene that structures are mindecent, sofe, and santary condition

## Chapter 2. Administration

42025 The board shall appont an advisory rommttee to assist it in preparing regulations piovilins for the implementation and admonistration of this part which shall consist of nume members as follows
(a) Two members having expenience in the admmistration of (1) a locsl program of housmg rehablitation undertaken for a period of at least two years. which secluded local housing code enforcement and the subvention of funds to owners of buldings by a local governmental entity for sueh rehabiluation, or (2) a prowam of housing relabiltstion undertaken for a period of at least two years pursuant to the Housing Act of 1964 (P L 88-560)
(b) One member expenenced in the financial aspects of local on federal housmg rehabilitation progiams described m subdivision (a)
(u) One enty or countr planning representative of local govermment with experience in local or federal housing rehabilitation programs described in subdivision (a)
(d) Two representatives of private financial institutions knowledgeahle on the areas of finanec, mortgage marance and lacal or federal housing rellabilitation programs desuribed in subdirision (a)
(e) One member with a vocational backgoound in real estate transfers, including reail estate appraisal
(f) Two public members

42026 Members of the advisorv 1 ommittee estublished pursuant to Section 42025 shall be rembursed for then travel and other expenses necessary to the performance of their duties mider this part The advisuty commitee shall meet as soon is possible after the effectuve date of this seetion at the tome and place desiguated by the board The advisory committee shall proide adusory and consultative and to the agency unthl two years shall have clapsed fiom the first onsurance ot Loans unter Chupter 4 (emmmenting with Section 42060) of this part, at whed time the advisory commatice shall be disholved

42027 The dgence shall, with respere to the implementation of thes


 develop and maintan complete and current $\backslash$ tatisture and other mformation with requeg to the Lomi mouname program, meluling, but not lumited to, stalstas and intormation relating to the following
(a) Fuambal maked conditions mudadmes the materest rates, Disback periork, and other terms and conditions allow ting such housing
 habiltation undirtaken durngr ede ho plase of the phemerm



 the program

 defunlts, and toreclosures
(f) The extent of displacment of pervons and the extent and amount of rental merease lesultury thom mandmer of toals, bogether with mearues takel to mamize such displacemput and rental increases
(g) The extmit, charater, and location of arras throughout the state wheh have a sugntiedint defineme: in the dvalabilt of mortgage findueng


 restore the housmp to decent, saffe, and samitrim emditam
(1) Abuses of the progedm and actions taken in comuedion therewith

42028 The agenci shall annually report to the Yegivature on the status of the program of loan and bond marance duthorzed be thas part and shall molude thenpuith the mformation and statistics requed to be enllerted ard mantamed by Sorton 42027 Such report shall br submited on or before the fifth day of Jamary, commenemg m 1977

42029 (d) The ameney max contract with anv prisate or public apency for pruen of the admunstration of this part and for assistance in developurg ragatation to mplement thas part The dgenes shall be responsible for the plamme, implemphition, fimetioning, and evalustoon of the program of loan and bond msuraties
(b) Not less tham mee nefry two reariaftel the effective date of this part, the agenur shall comtrat tot andependent andit and enaluation of the progran of loan and bomel nensanes anthorzed by the part The report of buth andit and evalnation shall melude an platuation of program effertivenens in relation to cost and hall indude resommendations and suggested legeshtion for the mprovenesif of the prosem, If any The dgency may contrad whth diy pmate on thate digemy approved by the Department of Furme for the "onduct of surh audit and exduation $A$ eropy of surh apport wall be trammitted to the Legiclature

42030 The Housme Rehabilitition Insurame Fund in herebr areated in the State Treanm All monev on the maneme thand is hemebs contunonsl? appropronted to the ageme withont regat of to fiveat year for the purpose of mburmg loan did bond purntant to this part and for the purpose of defidying admustratise enpersen monred be the agener in operatmg surf pograms of loan and houd mourdnee All
 to thes part shall be deponted m the mburame foud

42031 Notwithstanding the proviom of "hapter 2 (conmenemg
 ment Code or the povisums of Arfiele 2 fommenme whth Secton 33320) of Chapter 3 of Part 3 of suel diverom, apphedtom of the m-
 proval of any other oftien or dasam of state gmemment However.
 tation with the Secretary of the Rumens and Trancmentation Agemes Additionally, the agency's budgat shall be nubmitted to the Jonut Legislatile Budget Commoter for revell and comment.

42032 The agency shall from tune to time drect the State Treasurer to invest moneys in the instarance fund which are not requared for its current needs in snch eligible securities specified in Section $16+30$ of the Government Code as the agency shall designate The agency may direct the State Treasurer to deposit moners in the insurance fund in interest-bearing acoounts in state or uational banks or savings and loan assoriations having promepal nffices $m$ this state To the extent publie moneys are permitted by law to be depocited mavings and loan associations, the ageney shall direct the State Treasurer to make such deposits based on the agencr's allowations of moneys between banks and savmgs and luan issomations Sueh deponits shall be nade ma manner approximating the relative extent of their participation as qualfied mortgage lenders Howeser, such allocations chall not be required to the extent that they would result in recenpt by the agency of a deposit interest rate that in lower than the highest interest rate avalable from another institution qualified to recelve such deposits Notwithstanding any other provision in this section, construction-loan funds may be transferred to the construction lender ds necessary to meet draw for progress payment

As an alternative to depositing moncys in the fund m banks or saving and loan associations, the dgency may requre the tiansfer of money, in the usurance fund to the Surplus Money Tnvestment Fund for investment pursuant to Article 4 (commencing with Section 16470) of Chapter 3, Part 2, Division 4, Title 2 of the Goverament Code

All meterest or other merement remultung from such inventment ahall be deposited $m$ the insurance fund, notwithstanding Section 163057 of the Government Corle Moness in the msuramee fiund shall not be subjeet to transfer to anv other fund prowint to any provion of Part 2 (eommenemg with Setion 16300 ) of Divisum 4 of Title 2 of the Government Code, eacept the Surplos Money Jnvestment Fund as provided m this section

42033 There is hereby created a loan monance roselve aecount m the insuramer fund to sreure conmitments under contricts to mare loans The ageney shall take all reasonable steps to assure that the reserve acconat is emitinuously mantamerd at not less than the insurance reserve requirement The dimen shall not raduse sums to be
 would reduce the moness therem to less than the manance reserve requrement, except is necessary to satisfy habilitips amsing mader contracts of loan mourance In the event that the lomin mandice reverve account is reduced to less than the insurance leserve requrement, the agency shall cease making commitmenth for, and contracts of, mutarace until such time as the resserve atcount has been restoted to such recuarement

42034 There is hereby created a bond munamer reserye account in the insurance fund to secune commmenments ander contrict, to msure bonds The deency thall tuke all reasomible steps to assate that the bond reserve account is contmusuly mantamed at anot lens than the bond reserve requitement The deney shall not eatur sums to be withdrawn from the bond insurance reserve decount in amomes wheh
would reduce the moneys thema to less than the hond tmene equare-
 of bond insuranee In the went that the bend marame aremse wombt

 has bean restored to such rorpurement
40035 The ageneg nay eleate othen arownta withm the mumame fund is necessary or conviment to corm out the purpmen of than part
42036 The oblagation of the "gency and of the ntate to pay an mo
 bonds shall not evered ammunts deponted in the nemurnere thand whath
 Nothing in thas ehapter whill require the Legrisature to appopmate moneys foom the Gemend Find in the State Treasury to the Homano Rehabilatition Juswance Fund on areount of ay sut bubartion
Moneys in the msuralle fund may not be tratisented to any other
 the program of lown and bond msurame dutheriad by the pant man shall the agenty uthoe any nomeys ander the duretion ond remtrol
 hatbibtien arising from contract of msurdine authouzed be this part

## Ciafter 3 Ehimbies Arlay

42045 The agesey shall, diter publie hearimge, nstablach plarifses for the allocation of loan-msurance aboblame among eloghle are throughout the state $\mathrm{T}_{1}$ andoing the ageney shall take into aceount the following factors, to the extent appledile
 ing stoek on areas of domometratid need
 ard structures to decent, soffe, and sometry rondition
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 ing housing opportmaties for wis-lou-liweme homehotd

 suant to the Honeng and Commonty Dovelopment Aet of $197+$ (1)ub) le law $93-3 \times 3$ )
 substamtally the bime result an locin-manamer asontame
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(h) The needs of oflure state hourmen progams


 42048 has bern demonstrated, whe mans case pios to Jantary $1,197 \pi$,

 of the argeregate outitanding phacipal baldice of dil locan mated andeI this part

Not less than 30 pareent of the agpregate outhtandur promerpal bal.
 thorized by Sectom 42062 wheh are not findmed by the aremu

49047 [Tpen the appleation of a loral pmble antite supplemer suat
 shall desagnate amy of the following as matecipating comentated rehabilitation areds
(a) Ans ated in whill there is un aralablats: of fumio fiom ans locd ageucy or ageney of the state or fedral goven mentis for the jur pose of making leladintation loame, with merest that is leas than thi market rate in pomection with marentated enfure coment of herat rehabilitatuon standards
(b) Ans area with respect to wheh the ageney makm the followine find $n$ ng,
(1) The area was selected by the legnitive budy after citazen partieppation
(2) There is a a ginfiodnt mumber of older and deterwationg hatue tures in such area inquiring rehabilitation
(3) Loan-mburdace assistance is necessury to chable and pacuarige
 entoreement of rehabilatation standards
(4) Rebabilatation of stractumes will arest deterioration in the ared
(5) Lurin-insurame assutame for finane ing of rehabolitation in such area is pennumulall tpasible
(6) The local agener has olfored to rontract with the dgeme to (d)

 open space undergromading of aththty hos, and comstruction of dramage facilites in the areal for whel elgoblity has been recguesterl, and (b) provide comentrated and contmomy enforement of state and local housme standards in such areat
(7) The local agens $y$ has made even pffint to present unnecessers displacement us afeomplishing reliabihtation aud has in adequate program of relocation ativisor: assistance for percoms nnewnedably diuplaced due to rehabilatation
(8) The supply of herising avalable to vely low-meome households at affordable rents and the cupple of houngo a allable to perame and familes of modrrate income at afloritahber rents will nut be redurerl
 ments and be able to obtam atrmidard hoosing in the area Alternatovely, stundard husumg will be dvalable at aftomable vents in equally desirable neghburthools, expariong the range of housung opportumities for mmonty and low-medne perons



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 plans adopteal pursment to the Ihoushe and Communts Devolopment Act of 1974 (Poblir Law 9.3 38:3)


 supportong minmatwon dad datd is the derow mas regures. the agener whall designate all or a porthen of the teristom whatert to the
 ment area if it where the followne finduge
(a) Thie aren was selected by the herslatim beds aftal mitaen partierpation
(b) Deteroratme truituich withen the proposed ared are not suit-


(a) Enforfoment of ratadultation standards in emomation with at

 erty valuns in the surrominge communtr






 the purpones of thas ehaptes while proseluge a progran wheh is peconmirally feasble





 placed due to mabinitation






 area
(b) Deterioration 10 the area has not progressed to a stage where there is a substantal number of siructures wheh do not conform to rehabilitation standards Alternatively, the area has previously been subject to a proyram of coneentrated eode enforcement
(c) Unavalabilits of mortgage tunds is Inkels to be a pumary cause of deterioration of structures located on surh area m the future
(d) Loan incurance assistance to the area is Inkely to prevent deterooration and stablize the area
(e) Loan insurance assistance to the area is ecomomeally feasible

42050 Insured loans shall not be made avalable pursuant to this part in areas where there exists wideupread damage of a substantial nature to residental structures resulting from my natural or other disaster, meluding fire; flood, wind, and carthquake

## 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 the part shall become, the owner of the stracture for whach an monred loan is authorized, and shall be able to bear the usual expenses of mantanme such structure and repay the loan The agency mar by regulation establish such additomal requrements as it shall dem neressary to arcomplish the purposes of this part
(b) For the purpose of mereasing the effiremey and mmmizung the cost of the loan marance program, the ageney may mane on issue commatments to manre loans upon the ceitification of ats offict of an approved lending matitution that the bonowet is qualified for loan monrance ac cording to elogbility iequmements sper fified by the ipgulations of the remy However, the ageme shall authorie such ertuficat. tion ouly for lodis with espert to whirh the approved lendme matitution retains dabutantal portion of the total mak
+20h] The daency shall adopt reundations sperifyng the percentade of the ont tanding puripd mdebtedness whith mave be maned unden this part with reqpect to ench ategory of loan authoured to be m-
 may be manderl for an amount erfial to 100 pencent of the outstanding
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 for the purposes sperefied un thas part
+2062 Loans fon the relabibitation pefirming. on argurition of structures lowated on eligible acan ilenwated purnant to Chapter 3
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(b) The loan may melurle an additumal anomit to be wed tom
 the amonut ised for rehabilation tequasel by iphabintalion viandards, or, in the ases of owner-ne⿻ $m$ mped strustuen of not more than four
dwellong inits, amomits loaned for general property unporemeats shall not exceed to percent of the momit loaned for requred rehabilatation
(c) Snbject to the hmotation preserrbed by ubbduman (a), the proceeds of the loan may be nsed fur refinducong of exising indebtedness yertued by propetty to be reflabilitated loans for refiltameng.
 atford the cort of rehabilation or to mmmize rent meredses for onPupants of the starture whose rents would other wase ext ced affordable ients due to the expense of rehiblitition
(d) The proceeds of the loan may be used for findmeng madilustion and schabilation of a stiturure, or arqumition of a rehabalatated stinethue. or atquistion of a struture whel the botrowel has asteped to ronform to relabilitation standarda withon a fimme yen fied by reoula-
 loan or lodm for the a quintion of mone that one stucture with reapect to day unch ared, unless the borrower is a qualified tehabiltator
+2063 In additum to mburame of loams athorioed by Setmon 42062 , the agency may mare the followng lodme with reapert to par-

(a) lactis for defurition of atrutures, provided surbl atrietura are in conformane with state and loc, il housing and hulding standards, and pronded further, that no burrower shall he pheble for msurdace of a loan or loms for more that ome atruture watheraperet to any wath ared, wimes the bormore is a quallifed roblablatitor
 than division for findmeng homeng developmentis
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(a) The Toas shall be mate for a penod accupable to the ajener

 latimen, whicherere is lews
 category of loan antherized to be maned umber thas patt, in whtabished by ruwhatums of the aymer
(c) The loam shall be selined by momtenges
(d) The .






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 obligation not expedeng an amount whe h, when alded to ang nutstanding midebterluess ponatituting a hen upow the property securmg

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 agency shall detemme that there will be a dement for rommeremal occupsinc of the structure after rehabilation In moknte wh de-
 shadl be considered
(g) Fon the parpose of mereasme the efficienery and mommang the



 nomte fretsibthity and eommersid demand
(h) With reapent to any loan for rehabintation of rinhbiltation in



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## Chaptrk 5 Bond Inhtranct

40080 The agenes may msure bonde lasam by loud agemime rex-


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 steps to disure the following
(a) The bond eontan or are subject to. terms renperting adin

(b) The brods eontam or are subject to, pormone whir the denw




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## Amendment 3

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 Houvang aid Commonty Dewelapment

## ADJOURNMENT

 untal 9 am, Mondar. May 12.197.

LEOT MLC'ARTHY', Spocker


## CALIFORNIA LEGISLATURE

## 1975-76 FIRST EXTRAORDINARY SESSION

## ASSEMBLY DAlLY JOURNAL <br> FORTY-FIFTH LEGISLATIVE DAY <br> EIGHTY-FIFTH CALENDAR DAY <br> IN ASSEMBLY

Assembly Clambre, Sacramento
Monday, May 12, 1975
The Asombly met at 10.5 pm
Hon Leo T Meforthy, Speaker of the Ascmily, presidmg.
Chef Clerk Jomen D Drupoll at the Desk
Assistant Clerk Ray Monday rendang
ROLL CALL
The soll was ealled, and the followng insueted to them names- 76

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Quorum present

## PRAYER

The folloning prayr wan offerel by the Chapham Ferther Taco MeAlinter
 provale dul pablac to labor for the deonts and purase of persoms




 there is an equal dignity and nobithty whin wa dillam unh You, our common Father-AMEN

## PLEDGE OF ALLEGIANCE TO THE FLAG

Upon request of Speaker Mredinthy Mr Man Domald thrm lend the Assembly on the phedyse of alleghanee to the Fleag

## MOTION TO DISPENSE WITH READING OF THE JOURNAL

Further reading of the Jound of the prestoun leambitise day was dispensed with om motion of Mi Suit vecombed by Mi 'Thuman

## LEAVES OF ABSENCE FOR THE DAY

The following Members were granted leare if dbeneloce for the day because of illness.
Mr Crayen, on requent of Speaker Mr fint the

The following Member wis grated lestr of abeme for the day on personal busmess, and desired to wate him peo drem

Mr Knox, on request of Spedker Mel'athy
RECESS
At 106 pm , Speaker Me. (rinthy deelarel the Anemblv promed
REASSEMBLED
At 245 p m , the $\mathrm{I}_{\text {asembly }}$ recombined
Hon Leo T Meciarth, Speaker ol the Amembly. pormorine

## ADJOURNMENT

 untsl 9 a me Tuenday, May 13. 197.;
L, EOT Mec'ARTIIY, Speaker
ANABEL FUEC'RY, Mmute ('le k

## CALIFORNIA LEGISLATURE

## 1975－76 FIRST EXTRAORDINARY SESSION

## ASSEMBIY DAILY JOURMAL

## FORTY－SIXTH LEGISLATIVE DAY

EIGHTY－SIXTH CALENDAR DAY

## IN ASSEMBLY

Assembly（＇hambur Surimpinto Tumberav Mals 197.8
The $\Lambda$ ssemblv met at 1021 nm
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（ hiof（Therk James D I）risioll at the Desk
Anstann Cletk Ray Monday voddng

## ROLL CALL



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Qunrum present．
REGULAR BUSINESS DISPENSED WITH
By unamome comont，the regular orden of busmes of the Awombly urs drpensed with for thes legrisiative day．

## LEAVES OF ABSENCE FOR THE DAY

The following Member was granted leave of abome for the dars, boratie of illaces.

Mr ('laven, on request of Acting Speaker Fenton
The following Menber was glanted leare of abomen for the day, om personal busiums, and denired to wane his pied dem

Mr Knox, on request of Acturg Speaker Fenton
RECESS
At 1022 am, Acting Speaker Fenton derlared the Aspmbly recessed

## REASSEMBLED

At 245 pm , the Assembly irconvened
IIon Jark R Fenton, Member of the Asembly, inth Distoict presidngr.

## ADJOURNMENT

At 246 pni , Acting Speaker Fenton declared the $\Lambda$ ssombly all journed until 9 a $m$, Wednesday, May 14, 1975

LEO T M.CARTHY, Speaker
ANABEL FLEURY, Mminte Clerk

## CALIFORNIA LEGISLATURE

## 1975-76 FIRST EXTRAORDINARY SESSION

## ASSEMBLY DAILY JOURNAL

## FORTY-SEVENTH LEGISLATIVE DAY

EIGHTY-SEVENTH CALENDAR DAY

## IN ASSEMBLY

Assembly Chamber, Sacramento
Wednesday, May 14, 1975
The Assembly met at 10.43 am .
Hon Louls J. Papan, Speaker pro Tempore of the Assembly, presidung.

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 | Teysol | Perino |
| :---: | :---: | :---: | :---: |
| Antonovich | Colher | Lancaster | Fiolo |
| Arnett | Cullen | Lanterman | Ralph |
| Badham | Davis | Lewis | Robinson |
| Bane | Deddeh | Jockjer | Rosenthal |
| Brnnai | Dixon | MacDonald | Siegler |
| Berman | Duff | Muddy | Sieroty |
| Beverly | Egeland | MeAlicter | Suitt |
| Boatwraght | Fenton | McLenara | Thomas, Vincent |
| Briggs | Foran | Mevithe | Thomas, Whllam |
| Brown | Garamends | Meade | Thurman |
| Burke | Goggia | Miller | Torres |
| Calvo | Greene | Mobley | Vasconcellos |
| Campbell | Gualeo | Montoya | Vicencia |
| Carpenter | Hart | Morl | Warren |
| Chacon | Hayden | Murphy | Whlson |
| Chappe | Ingalls | Nestande | Wornum |
| Chel | Kapiloff | Nimmo | Z'berg |
| Chimbole | Keene | Papan | Mis. 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

Committec 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, Charman
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.

OHACON, Charman
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, Charman
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 <br> <br> EIGHTY-EIGHTH CALENDAR DAY

 <br> <br> EIGHTY-EIGHTH CALENDAR DAY}
## IN ASSEMBLY

Assembly Chamber, Sacramento<br>Thursday, Muy 15, 1975

The Asenmbly met at 413 pm
Hons Leo T MeCarthy, Speaker of the Assembly presidmg Cheff Clerk James D Driseoll it the Desk.
Assistant Clerk Ray Monday reading

## ROLL CALL

The roll was called, and the following answered to them names- 76

## Alatorre

 Antabuyich Aructe Badham Bane Bennar Benman Beatily Bo.11wrightBrige
Bramy
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Chipple
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Cline
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Cullen
Davis
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Duffy
Egetand
Fenton
Folan
Gulamendt
Gogran
Gseme
Guaico
Hart
Hayden
Ingats
Kanaloff
Ketne

Keysor
Lanerater Iriolo
Lanterman Ruljh
Lewis
Lockyer
Macbonald
Maddy
Medlister
Melennan
Mcyittie
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Miller
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Mors
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Nestande
Nimmo
Papan

Perino

Robinson
Rusenthal
Siegler
Sieloty
Silt
Tbomas, Yincent
Thomas, Whlham
T'butman
Toiles
Vasconcellos
Vuennera
Warred
Wilson
Wormum
Z"berg
Mr Speaker

Qutorum present.

PRAYER
Upon invitation of Speaker MeCarthy, the following prayer was offered by Father Al O'Connor, Chancery Offlee, Sacramento Diocese

God, Our Heavenly Father, You spedk to us m the depths of our consesence for there we detect a ldw wheh we do not mpose on ourselves, but which bolds os to obedience

Always summoning us to love good and avoid evil, the voice of conscrence can, when necessary, speak to our heart most speeffically do this, shun that

We have in our heart a law uritten by God To obey it is the very dignty of man; accordmg to it we will be judged Help us to be faithful to the voice of conserence - AMEN

## pledge of allegiance to the flag

Upon request of Speaker MeCarthy, Mr Calvo then led the Assembly in the pledge of allegrance 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 allness.

Mr Craven, on request of Speaker MuCarthy
Mr. Tucker, on request of Speaker McCarthy.
The following Member was granted leave of absence for the dar, on personal busmess, and desired to wave bis per diem.

Mr Knos, on request of Speaker MeCarthy.

## REPORTS OF STANDING COMMITTEES <br> Committee on Housing and Community Dovelopment

Assembly Chamber. Mas 13. 197ā
Mr Speaker - Four Commattee on Hollung and Communts Development tepoits. Senate Bill No 2
With amendments with the recommendation Amend, do pass as amended, aut be re-yeferred to the Committee on Whss and Means

CHACON, Cbrama
Above bill ordered to second readung
REQUEST FOR UNANIAGOUS CONSENT TO TAKE UP SENATE BILL NO. 2
Mr. Chacon was granted unanumous consent to take up Senate Bll No 2, without reference to file, for the purpose of readmg the bull a second time and rdopting the committee amendments at this time

Second Reading of Senate Bill No. 2 by Unanimous Consent
Senate Bill No. 2-An act to dmend Sections 11552, 11556, 16522, and 53651 of the Government Code, to add Divisson 31 (commencing with Section 41000) to, and to repeal Part 8 (commencmit 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, relaturg to housug. and making an approprintion therefor, and providing for the pieparatoon, issuance, and sale of ctate bonds to create a fund to be used by the Califorma Housug Fuanee Agency to make loans for financing housung developments, and providug for the ubmission of the bond measure to the people at a specsal election to be consolidated with the 1976 direct prumary election.

Bill read second time.

## Consideration of Committee Amendmenta

The following amendments, proposed by the Committee on Housng 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 <br> 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 Zeno-vich-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) Full cooperation and courdmation with the cities and countres of the state m meeting the housing needs of the state on a level of govermment that is as close as possible to the people it serves is essential uf workable programs are to be developed and implemented
(b) Decest housing is an essential motivatung force in helping people acheve self-fulfilment in a free and demorratic society
(c) Unsmutary, unsafe, overcrowded, or congested dwelling accommodations constitute ronditions wheh cause an merease in, and spread of, disease and crime
(d) A healthy housing market is one in which residents of this state have a chose of housmg opportunities and one ut which the honsing consumer may effectuvely choose within the free marketplace
(e) A lealthy housung market is fundamentally related to a healthy state eronomy and can contribute significantly to the employment factor of Califorma.

41002 The Congress of the United States has ectablivhed, as a national goal, the prousion of a decent home and a sutable hymg environment for every Amersedn fambly and the Legslature finds and declares that the attanment of this gord is a prority of the highest order The national housmg goal, as it apphes to Califorma, is deserving of adoption b: the Legislature, with the atcompanyung compintment to gude, encourage, and direct where possible, the eftorts of the private and publie spetors of the economy to cooperate and participate in the early attamment of a decent home and a satsfymg environment for every Calufornan

The attamment of a national and state housmg goal is comploated by a variety of contumung problems, not the least of whach are the absence of a coherent housing polcy. the absence of a comprehensive framework outhming the dhmenstons of need and obstacles prevertmg the fulfilment of such need, the absence of effectise prrate-puble mechansus designed to engender and facibtate a partnershop approach to housing, and the absence of effective subsidy programs designed to redeh very low income houselolds and other persons and famhes of low or moderate meome

41003 The Legislature finds and deeldres that, as a result of pubhe actions mpolving highwd? s, pubhe faclities, and urban remewal protects, and as a result of poretty and the spread of slum conditums and blight to formerly sound neighborhoods, there exicts within the urban and rurdl areas of the state a sermus shortage of decent, satec, and samtary housing avalable at low and moderate rentals whel peroms and fambes of low and moderate meome and elderly and haudenpped persons can afford This shortage is 1 mmed to the safety, health, and welfare of the resudents of this state and the sound growth of its communities Private euterprise and myestment, without the assist, inse contemplated in this dwision, is not disposed to provide, nor coul it economedlly achieve, the necded construction of decent, safe, and somtary housing it rentals whel persons and fumbine of low and moderate income can dfford and the urgently needed rehabilatation of existagg housng
In order to remedy such housing shortages, it is mecessary to mplement a public program meornordtug the followint elements and goals
(a) A reductana in the cost of mortgage finameng for rental hounng for persons and families of low and moderate meone
(b) A reduction m the cost of mortgage finaneing for home purchases, in order to make homeownership feasible for persons and famhes of low or noderate nucome
(c) The avalabilty of mortgage finaneng in geographeal areas in whoch private lenders have been unable or urwillug to commit addstional funds for residential lending
(d) The provision of dssistance and encourdgempat with respect to residental construction and rehabilitation by privite enterprise wheh will house persons of varied eemonmir means in the same strurtures and ueighborhoods, therehy alleshating and contributing to the permament elimmation of clum conditions.
(e) An increase in the cupply of housing avalable to the elderly and haudicanped and lirege famines
(f) Encouragement and assistance of housing and community development in raral areas and amons Tndan residents of the atate
(g) Encourdgement of mutual self-help housing propects, home management traming and relocation assitance
(h) Maximum utiluation of federal anberdies rivaldible to meet honsmy neets of per, low income households and per sous and fammes of low amd moderate inemme
(1) The provison to lofal govermments of the financal pesourese statictical decta nad techmeal assistmee needed to acsist them meeting housing needs within their respertive jupsodictions The term "finametal resonrees" ds used in this subdivision, means procepds from the sale of bonds by the ageney and federal asestance made avalable to the ngener for any of the purposes of this division

41004 The Lagislature finds and deelares that it is to the eronomie benefit of the state and a puble purpose to encourage the availablity of adequate housing and home fibauee for persons and famulies of low or moderate nemme and to develon vable urban and rural communtiea by providing decent housug. enhinced living enviromment ind inereased econumte opportunties for perann and fanilies of low or moderate meome The exercise of the powers speectied in this division will be $m$ all respects for the brnefit of the people of the state. for them well-bemg and prosperity and for the improvement of their socal and economis conditions Therefore, the divsion shall be liberally anstrued to effect its purpowes
$4100{ }^{5}$ The Legislature finds and declares that full cooperation and courdination with the cities and counties of the state in meetme the housmg necds of the state on a level of government which is as close as possible to the people it serves is essentiol if workable housing programs are to be developed and implemented

41006 The Legrslature finds and declares that a number of federal housing proprams have faled to reach the fumdamental goals and purpose for whath they were establisherl eqpectally in urban areas In Cahforma, the failure has often berm related to maderpate consderation of the relatoonship beturen housmg and the community in wheb the housing is mocated

It is the utent of the Legishature in pnacting thas division to seek to tuod such falures by providng a comprehenure and balanced apporech ta the solution of housing problems of vels low mome households and permm and fambes of low or moderate meome m the state It is further the intent of the Legislature to provide a promeram which give consideration. not only to the producton and finamme of hons1uy. hat also to the socmal and acsthetic mpact of such housing A Califomid honsing program must consider the distribution thronghout the sate of such hounne a mav be acosted puruant to this division. the avodame of sonerntrations of very low ineome houreholds an mimpasis on superior design, including the seale and lomation of such houbure the prepodation of commmaties and perems avaling themcelies of the prosram, and other factors whel coutribute to a decent fobag elfut onment

41007 The Legidature finds and declares that the large equities that the manorte of Cahforma rearlents in most peonomuc strata have now accumulated mengle-famly homes must be protected and conserved

41008 Nothme in this divisiom shall authorize the imposition of controls on rents for housing unt, not financed pursuant to this division

## Chapter 2 Definitions

41020 Unless othermse inducated by the context, the definitions contamed in this chapter slall govern the construstion of this dinson

41021 "Affimative action" medns any program to create greater job opportanitus for member, of diode antaged racial sexual, religious ancestral, or natoonal-origin groups Such program shall melnde edu-
 greater employmatht opportunty for the manibers of surh gooups

41022 "Affirmative marketing proyram" meam any progran to arhieve greater arcess to housme opportumitues created by the division for nembers of dicadvantaged ratinl sexinl religons ancestral or national-origm groups Sudh program diall include educational promotional, and other anmromide dethity designed to secure greater housme opportmities for the members of such groups

41023 "Affordable rent" means rent not in exress of the percentuge of the gross uscome of the oecupant nerson or famolve establushed by regulation of the ageney and not 1 m exeess of market rent Sueh perrentage hall be eatablished at not more than 2.5 perrent nor less thath 15 percent of gross menne as will best serve the purposes of this division The agency shall by regulation develop criteria defining. and providug for determmation of, grose meome and rent for purposes of thes section, which shall be wobsistent uath pertment regulations of the Department of Housmg and Urban Development or other federal han with respect to developments aided by the federal government

41024 "Agency" means the California Housing Fmance Apency
41025 "Assisted housing" meins housing financed br a brlowmarket interest rate mortgage insured or purchased, or a lorn made by the Secretary of the Thited States Department of Housmen and Urban Development or by the Farmers Home Admumatration of the Iinited Statev Department of Agriculture, or a market-mterest-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 leasug, eonfnbutions or grants or other programs as are now or heredfter authorized by federal law to serve persoms and famities of low or moderate meome, a mortgage or loan made pursuant to thus part; or a mortgage or lodn from any provate or public source with an interest rate and termb satofactorv to the ageney and which will meet the requirement and purpores of this divison

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



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(t) Iloding a puble montma pres to the hedring hes the local

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 mplementation of the proposed rehablitatson dsbitanere prond an
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 of the propowed rehabilitation ashatane progralu








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 to, the follonmar
(a) The robts of acquming land and may buildmas the eon meludmg putmentis for options, deponts, or contrats to punchrse properties on "proposed houmar diselopment site or payments for the purchase of such propesties
(b) Tlic cost of site preparation, demolition and eleating

 and findmemg of a bousing development and the fintoge of an bhable



 tion or rehablitition



(g) The eoos of land imporovenents, meludimg, but not limitid to,
 offeite improscments, whether or not such mosts ate padd in reabh or m a form other than rash
(h) A rasumable profit and rask fee as lefined wrentatious of the agener, maditan to job overhed to the gemeral contidetor and, if applicable a dimetedinulend bousmg bpomar
(1) An allowame catablished br the digenci for workmo admal and for iedsonable reserves set asude to defray unantwipated additional do. velopment costa

 ating defiets to be meurred diurmg the rometruction peiod and the mitial vears of occupaner
(k) Repavmient of a development loan
(l) The cost of such other items, unchading tenint and homeonner relocation and tendit and homeowner eombeling de the agener wall determine to be reasonable and neesesury for the derolopment of a housing development.

The statement of a speafice eost item within this section shall 10120
 a loan on any bousine develomment Development aost shald mat melude any irreater portion of the rash ontlay requimed for or hountig
 sistent with an pquity muestment suffionot to umare a whatantial and continuing merest be sud sponsor in the housing deselomment
 ing of a coustrution loan. for plaming. areamation of land and mprovenents thereons, and ate prepadion for a housmer devolopment A develonment lodn thay include roats of arditecturd, engmeermg. legal and ronsulting cerviees, the cost of newenserve studies sumeys and govermmental permits, and the coost of wall other iteme do the igenw doems reasonable and necossary for the atital premation far amstraction or relabilatatim of a housug development

41036 "Elderly" means a famsly 1 whin the head of the household is 60 years of age or older or at sugle persom who in fio years of age or older

41037 "Financias mferpat" has the same meaning as specifled un Section 87103 of the Govelmment Code.




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$410+1$ "Handsapped" memm a famoly m which the head of the





















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 puble pintat. or othen legal entity, or an rombmation thereof, certified bs the agpinc pursiant to tulps and regulatoms of the asency as Glalified to ather own, comstract arquale, rehabiblate, operate, mandue, or mantan d hounag development, whether for profit, nomprofit, or orgemmed tol limited protit, and smbject to the regalatong powers of the arency pursurnt to rules and reguations of the boand and other
terms and condithons set furth in this division "Ilomsing sponsor' ${ }^{\circ}$ includes petsons and familes of low or moderate meme who are ajproved by the agency as eligible to own and ocelpy a housing development

41045 "Lamited-divadend housing sponsor'" means anz housing sponsor whech owns a housing development and whose profit or casts return is limnted pursuant to Section 41482 and regulations adopted by the board pursuant thereto

41046 "Loced honsmg agent" means a aty, county, eity and county, or combination thereof arting jointly uhich is cortafied by the department pursuant to Section 41512 to revew appleations bs prospective housing sponsors for louns made or assisted umder this divivon for housing developments proposed within the teritormal humelares of the local housing agent

41047 "Loeal public entity"' means an! rounty, caty, enty and county, redevelopment agency organged pursumat to l'art 1 (commencing with Section 33000 ) of Divisuon ${ }^{3} 4$, and housing authot it: orgamized pursuant to Part 2 (commenting with Section $3+200$ ) of Division 24, and also meludes any state ageney, publec distret of otber politices) subdivision of the state, and any instrumentality therenf, whieh is authorzed to engage $m$ or assist $m$ the development $o$ operation of housing for persons and families of low or moderate mome "Joreal public entity" also includes two or mose locd public entities acting jointly

41048 "Market mterest" means, except with respert to loans for rehabilatation, the unterest rate determined by the agency pursuant to its rules and regulations, to be the lowest miferest rate gemeially avalable in the private market for constimetion loans, new loans, for smglefamily housing, apartment project loans, or lown on existing housing, as the-case may be, at the tme of commitment of funds by the agency In the case of rehabilitation loans, "market interest" shall matead mean the miterest rate fixed by the agence, not excepoling lo percent annual interest nor exceeding the applable bond moreat rate by more than 2 percent

41049 "Market rent" means the monthly reat estoblathed by the ageney as competitive according to its own iegulations exsept where federal regulations provide a requited methor of detemming maket rent Determination of market rent nay be reviexed anmually upom application by the mortgagor, subject to appludele federal tenulatoms. if any
41050. "Metropolitan area" means a standatd matiopolitan statistical area as established by the Dhited States Office of Management and Budget
41051. "Mortgage" means a mortagage, deed of trust, or othet mstrument which is a lien on real property "Moigage" surdades the note secured by such an instrument

41052 "Mortgage loan" means a long-telm loan wherh is seented by a mortgage and is made for permanent fuancmer of a housing development in the state.

41053 "Mutual self-help housing" means assisted housmg for which persons and families of low or moderate meome contribute their own labor in undividual or group efforts to provide decent, safe, and sanitary housing for themselves, their famihes, and others occupying the housing
41054 "Nonmetropolitan area" means an area not included in a metropolitan area or a rural area

41055 "Nonproft 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 corporatron 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 ageney as a housing sponsor which cannot legally accumulate, distribute, or divert profits and is otherwise quall fied 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 samtary howsing The agency shall adopt regulations establishing criteria for qualufication of persons and famulies of low or moderate income, which may differ among different areas in the state to reflect varying economic and housing condations In developing suc̣h criteria, factors such as the following shall be taken into consideration
(a) The amount of the total meome of such person or family that is a vailable for housing needs
(b) The size of the household
(c) The cost und condition of available housing
(d) The eligibilty of such persons and families for federal housing assistance of any type
"Persons and families of low or moderate income" melndes very low meome household, but does not melude those persons and famulies whose savings or assets, or whose annual income in combination with such savings and assets. is sufficient to enable them to obtam and maintam decent, safe, and sanitary housmg, without undue financial burden, as determined by regulations of the ageney
"Persons and fumilhes of low or moderate income" includes persons and famulips of low, moderate, or middle income, as speciffed m Spection 802 of the Housing and Communty Development Act of 1974 (P L 93-383).

Income limitations established pursuant to thas divisuon for persons and famulhes of moderate meome shall not exceed 120 percent of ares median sneome, provided, however, that persons and familes with mcomes over the arey median income, but not exceeding 120 perient of the area medran income, nay be designated as persom and tamiles of middle weome for any purpose of this division to distmgurh such persons and famules from other persons and familes of noxlerate urome Income limitations for persons and fammes of low income shall not exceed 80 percent of the area median meome However, the board and the department gointly, or etther acting with the concurrence of the Secretary of the Busmess and Transportation Agency, may modify such
income limitations, upon a determmation that they are obsolete Adt. justments above or below such maxmum income limatation vall be made to compensate for famly size

41057 "Qualfied mortgage lender" means a mortgage lender ventufied be the agener, pursuant to rules and regulatioms, themof, 10 do busmess with the ageney Such a mortgnge lender may be a bank or trust company, mortwage banker, fecleral- or state-chartered mat min and loan aswoclation, service corporation, or other finameral institution or governmental agency wheh is demed capable of providng uervee or otherwise ading in the finanemg of construction lome ma mortyan loans, and nothing in any other provion of state ldw shall mevent such a lender or govermmental gapney from serviog as a qualified mortgage lender under this division A "qualified mortgage lenden" that violates state law or the terms of any dereement with the depmes shall be promptly decertifted

41058 "Resl property" means all lands, meluding impowementand fixtures thereon. and property of any nature appurtendint theteto or used in connection therewith. and eveiv estate, interest and right, legal or equable, therem indudng leabeholds, terms of icars, and liens by way of ,udgment, mortgage, or otherwise

41059 "Rehabihtated dwelhng" means a housing develupmont which becones eligible for a mortgage loan ty rehabilitatum conducted purcuant to rules and regulations adopted by the demer whethey or not a constinction loan is provided bi the dipener for such rehablitation

41060 "Rehabilitation" means repairs and improvements to a dwelling unit necessary to make it a decput uafe, and suntary duelling wheh meets applucable state and local buldug and bousme standerts "Relabilitation" mav inillude other mprovemonts not in exuesu of 20 percent of the total bost of meeting such standinds, except that m the ease of owner-ocenpied houmg developments unt exeredtig four dwelling unts, and m partierpatme come entrated rehabilation at pas decie-
 thousand five hundred dollars ( $\mathbf{\alpha}$, Bo0), other improvements mas be included up to 40 pereent of the total cost of meatme sideh utandads

41061 "Rehabilatation loan" means a loan made for relablatation which is not seremed be a mortane of first priorits

41062 "Reuts" or "reatals" means the charges pand be the persons and fambes of low or moderate meome for octupamer in a bousmas development assisted under thas divmon whether the homang development 8 operated on a landord-tenant bimb or an a dooperative
$4106 i 3$ "Rules". "regulations", or "rulen ind reanlations" medis regulations as deflied in Cherpter +5 (eommenemg with Seetion 11371) of Pat 1 of Divion 3 of Title $\underline{\underline{O}}$ of the Govemment Codd All repulations of the department and dgenes shall be subjest to surh prosmons
b106t "Rund area" merms an ard outude am inty metropolitan area or urball count as buth terms are defined by hectun 10? of the Housug and Commants Derelopment Aet of 1974 (PL 93-383).

41065 "State" means the State of Cahformat
 vided bv a governmental ageney for the benefit of permens and fanulime of low or moderate weome whel is patil to an or cupent of housing finamed pursmat to thas part for humbing conth or which rectuce such


 thereof

41067 "Varu low meome louseholds" medin (1) pernons and fam-
 meome fambles established purvant to Section $x$ ont the T'rited States Homang Aet of 1937, or (2) in the event such fetperd tandards become obsolete, persons and fammers whose moomen do not exceed 50 percent of the medan meme for the area in which the housing unith in question are loeated with adjustments, above and below burh 30 percent figure for smaller and larger families, as determmed by the agency

## Chapter 3 Gfnfral Provisions

41080 In the event of conflut between tha dusion and any other provision of law, the provisions of thas divirom thatl be deemed amtrolling If any clame wentenere, paragraph or aretion of thas diwnime is hehl uydud by any resurt of competint jurmedietion, the decsion shall not affect or impar ayy of the remamone provinoms

41081 The Secretary of the Bumbess and Transpartation Agener shall be responsuble for allocatme findnelal and and woutributions madr avalable directly to tate government on to the dernev be any deme y of the lintad States for the parpose of wibudang hommer for perom and fambios of low or moderdte meome The fist prority for allocdthon of surli $n$ oneys shall br subudire for homang deselopments finamed or to be findured by the dgenty

Nothing the the dwason shall predude the matahbinment of durect
 or shall m any way alter the authomty of local puble entitien to directiv lecene focleral fund, nor thall anything in tha divison be construed to supersede or affect any other provisom of $\mathrm{l}_{\text {al }}$ walating to tha control of funds be lowd publew entitus Further, nothom in than dint-

 ermment fode with respect to payment of reloestion anstane or present the receapt and doburuement of feclerisl fund made andable to any governmental atsency ful baclo purpore



 realiand

41083 Nothung in this drusion shall be construed to authorize the ereation of a debt or lability of the state withom the meanug of Section 1 of Article XVI of the State Constitution

## PART 2 DEPARTMENT OF HOUSING AND COMMIINITY <br> DEVELOPMENT AND COMMISSION OF HOUSING AND COMMUNITY DEVELOPMENT

## Chapter 1 Organization of the Department and General Powers

41100 The Department Housing and Columumty Dereloment is hereby continued in existence in the Busmess and Transportation Agency

41101 The department shall be admmstered ts an executhe officer known as the Drector of Housing and Communt? Development The director shall be apponted by- the Governor, subject to contimation by the Senate, and shall hold office at the pleasure of the Govprnor The director shall receive the amual sdary pronded for by ('Inpter 6 (commencung with Section 11550) of Part 1 of Division 3 on Title $\underline{2}$ of the Govermment Code

41102 The provisions of Chapter 2 (commeneng with Section 11150) of Part 1 of Division 3 of Title 2 of the Goveriment Code apply to the department, and the durector is the head of the department withm the meaning of such provisions The director shall perform all duties, exeresse all powers, discharge all responsibility, and admunister and enforee all laws, rules, and regulations under the jursdiction of the department The director shall keep all books dad recortas nec essary for proper and efficient adminstration of the depaitment
41103 The Governor shall appont, upon the pecommendition of the director, a deputr director The deputy director shall hold office at the pleasure of the director and shad receive a salary as shall be fixed by the durector with the approval of the Department of Finame
41104 The nork of the department shall be duided min the following two divisions
(d) The Division of Codes and Standards
(b) The Dinision of Researelh and Assistance

41105 Each division shall be m the pharge of a chief, under the direction of the director The chefis shall be apponted upon recommendation by the director, by the Governor Such division chefs shall hold office dt the pleasure of the dirch tor, and shall remene a salan as shall by fised by the director with the rpproval of the Depatment of Fimance

41106 For the purposes of thas division. the depatment shall have all of the following powers
(a) To sue and be sued in ats own name
(b) To have an offernl seal and to alter it at pleasure
(c) To make and execute contracts and all other mistruments neressary or convement for the exercise of its powers and functions.
(d) To employ archutects, planmers, engupers, attorneis, deeomitants, experts $m$ housing construction, madnament and finance, and such other admers, consultants, and agents an man be necessany in its judgment for the perfomance of its tunctions and to fix ther compensation m accordance with appheable law
(e) Ta provide advice, technical information, and combultative and technical services as provided in this division
(f) To establish, revise from time to time, and charge and collect fees and charges for serices provided pursuant to this division
(g) To aecept gnfts or grants or luans of funds or propert: or financtal or other ad from any federal or state agency or prisate source and to comply with conditions thereof not contraty to law
(h) To enter into agreements ot other transactious with duy governmental agency, meludug an agieement for admmetrdion of a housing or community development program of the governmental agency by the department, or for admumstration by another govemmental dgency of a program of the department, either in whole or in part
(1) To enter such agreements and perform such arts ds are neressary to obtan federal housing subsidies for use in comestion with the exerense of powers and functions of the department, and to transfer such subadres to others as required by the dimerment
(j) To appear in its own behalt before bourdo commustans, depantmenth, oo other agences of loud, state, or federal goverument
(k) To entriblash such regional offices as demmed necessary to effectuate the department's purposes and functions
(l) To wequire real or personal property, or any interest thesem, on enther a temporaty or long-tem basis, in its own hamie by gift, purchase, transfer, foreclosure, lease, option, or otherwise, miluding edsements or other meorporeal rights m propert
(m) To do any and all thimgs necessary to carry ont its pusposes and exercise the noners exprensly grathed by thin diveson

41107 The department may adopt, amend, and rejerl rules and regulations to edry into effect the powers and pupaner, of the department and for the conduct of ats busmess All duthonts to didopt

 or regulations adoptad by the commuman or by the (hatef of the Dur-

 as the regulations of the departmint untsl and thme in the department repeath or amends such rules or regulations

41108 The department diall be the promeapal state depantiment re-
 community development, exept for having finame The depmenent shall continuall, evaluate the mpact upon the state of federal poherpes and progams dffectug housing did communtr developmont and encousage full uthlization of fedecal program aralable for ampthy the residents of this state, the prosite housing milustry, amd low publue entition on antisfing housmg and commanty derclopmont neche m this state

41149 The department shall amualle submit to the Gonermon and both houses of the Legaslature
 to meet the need for housing and commonty devclopment in the state
(b) An annual report of the operations and acomphament, of the department, and of other state depatments as they alfect atate housing and communty development actsitues
(c) A report contaming revisions of the Califorma Statewide Housing Plan.

## Chapter 2 Policy Activities of the Departmifnt

41125 The department shall complete and recommend for aloption a Califormat Statewide Housing Plan The plan shall be developed in cooperition with the private housing mdustiy ds well ds rapgonal and local houmg and phaning agencies and othre dyencles of the atate Subsequent to envirommental review and a review of domsitency with other state plame by the State Office of Planming and Research. it shall be reterred by the commosion, together with the commision's conments, to the Legislature for review, revismon, and adoption as the Callfornud Statewide Housing Plan Upon enactment it wall serve as a state housmg plan for purposes of the Housing and Commomety Dexelopment Aet of 1974 (PL 93-383)

41126 The Cdifornad Statewide Housing Plan shall meorporde a statement of housing goals, polumes, and objectives, as well is the following sequments
(a) An evaluation and summary of housmg monditions thouphout the State of Californa, with partucular emphasis upon the avalability of housing for all etonomic semments of the state Siech evaluation shall melude an analisis of nommetropulitan and rural areas. ds defined and desagnated by the Burean of the Censum of the Thited states Department of Commeree, rather than os defised in Sections 41054 and 41064 , of each metropohtan area, and of each regional plamming area designated by the State Office of Plammir and Researeh or by the Unted States Department of Housing and Urban Development The rvaluation shall melude an analyans of the exusting distabution of housing by type. wize gross rent, value, and, to the extent data is arailable, condition, and of the existing distributuon of households b. gross meome, size. and ethme chamacter for earch warh ared and regron in surh form as to present the number of rooms, gross invome, household size, rent, and value renss-tabulated in a single table
(b) Housmer development guals for the 1975-76 fiseal year and projected fuur additional fiscal years ahead surh woals shall be established as the minimum number of monts necessary to be bult or rehabil. itated hy July 1, 1980, in order to provide sufficient housing to house all residents of the state in standaid, unerowded units in suitable locations
(c) Goals for the provision of housing assistance for the 1975-76 fiscal year and projected four addtional fiscal years ahend Such goals shall be established as the minmum number of honseholds to be assisted which will result in achieving by July 1, 1980 a substantral redaction wi the number of vers low meome househohs and other persons and familes of low on moderate meome ronstramed to pay more than 25 percent of theis gross mome for housing Income groups to be considered in establishing such gods shall be desiguated by the
department and shall melude households a siguficant number of whuch are required to pay more than 25 percent of their gross income for housing on the effective date of this section, as determmed by the department
(d) An dentification of market constrants and obstacles and specifie recommendations for their iemoval
(e) An amalysis of state and local housing and buldmy codes and their enforcement Such analysis shall melude consuderation of whether such codes contain sufficient flexibility to respond to new methods of construction and new materials
(f) Recommendations tor state and other publie and private action wheh will contrubute to the attamment of housing goals establighed for Calfforna

41127 The department shall anmally update and provide to the commission, for review, comment, and subnussom to the Jegislature, a revison of the Calforma Stateuide Housng Plan Such propesed revisions shall become effective uphen enartment by the Lagis?ature Annual revisions proposed by the department hail contan the following segrments
(a) A comparison of the housmg goals for the precering fiscal year with the amount of comstruction and rehabilitation acheved and housung assistance provided us such fiscal year
(b) A revision of the minmum honsing constinetion and rehabitathon goals specified in subdivision (b) of Section 47120 for the precedmo fiscal year, meluding a revision of the projected goals requred hy Section 41126 tor the current year and projected fonr additwal fiscal years ahead
(c) A remsion of the housing assistanere goals sperified in subdinsion (c) of Section $\$ 1126$ for the current yedr and projected four additional fiseal yearn dhead
(d) A remsion of the evaluatom requed be subdwison (a) of Section 41126 an new remsun or other survey data berome avalable
(e) An updating of remommendatum for state artion wheh walt faciltate the attimment of houmg geals entablished for Califorma

41128 The ('anfomba Stateunde IJonsing Plan ine eloped pursuant to Sectron 4112.5 shall provide a data base for Jomal homsing maket studtes and seme as a gude for beal hombong elements required by Sectim finsole of the Govermuent Coule It w itho monded to verve as a state homamg plan and provide a framework for loed housing dasistance plans mpetug reguirements of federal law

41129 The eoals and recommentations adopted for the Cohforma




41130 The departurut shall deselop, atatewide fatmorker
 melusion in the ('alifoman Statem nde Howing Phan

41137 The department ball colled publah and make aralable to the puble mformation about federal, wate. and lowel hawn wamdurg housing did eomumaty dexelopment Thi drpatment mas proside a statisties and researt h servee for the collection and dimemation of mformation affectmg housmer and communty development.

41132 The department shall develop specifications for the structure, functions, and organization of a housing and community development mformation system for this state Such system shall melude statistical. demographe, and community development data wheh will be of assistance to local publec entitues in the planning and implementation of housing and community development programs

The department shall, subject to the avaldabily of momeys thelefor, establsh prototype housing and communty development mformation 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 citues, or with a regional ageney includug one or more countues for operation ef one or more prototype systems, and shall report to the Legislature thereon

41133 The department shall assist and advise the Comeil on Intergovernmental Relations, or its successor, on the performance of functions sperified in Sections 34212, 34213, and 34214 of the Government Code
41.134 The department shall adopt guidelines for the preparation of housing elements requir by Section 65302 of the Government Code The guidehnes mitally adopted shall conform as nearly as possible to the gudelmes adopted by the commission June 17. 1971, and shall be adopted maccordance with the provisions of Chipter 4.5 (rommencong with Section 11371) of Part 1 of Division 3 of Title 2 of the Government Code After consultation with the State Office of Plamming and Research, the department may, from time to time, revise such gudelines

The department may. upon request, review loeal housmg elements for conformity with the requirements of Section 65302 of the Goverument Code and gurdelimes adopted pursuant thereto and report its findings The department mav, in connection with any loan or grant application submitted to the arency, require submission to it for review of anv local housing assistance plan adopted pursuant to provisons of the Housing and Communty Development Aet of 1974 ( P L $93-383$ )

41135 The department shall adopt guidelines relating to relocation assistance by public entities pursuant to the provasions of Chapter 16 (commeneing with Section 7260) of Division 7 of Title 1 of the Goveriment Code The department may provide consultung and teehnical assistance to publice entities in drafting and amendog rales and regulations relating to pelocation assistance pursuant to subdivision (e) of Section 7268 of the Government Code The department may require public entities to remburse the department for such assistance as the department provides

41136 The department shall issue gudelmes for the preparation of affirmative plans by local public eutities pursuant to Section 650108 of the Government Code
41137. The department may initnate, develop, and propose raguldtions for adoption by the agency and review regulations proposed by the board prior to their takmg effect, with respect to the following:
(a) Standards for affirmative marketing programs of housing sponsors seeking financial assustance from the agency
(b) Criteria for certifying that the sale or conveyance of real property will primarily benefit persons and fammes of low or moderate income living on 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 finaneed by the agency Such grants shall not be made with moners derved from the sale of bonds
(d) Regulations governmg payments, procedures and elgobility for relocation assistance for individuals and families displaced by actions of the agency or of housing sponsors of housing developments
(e) Criteria for qualhication of persons, famhles, and households as persons and fammiles of low or moderate meome or very low meome 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 Calfornia Statewide Housing Plan, the fnaneng of existing housing, or identifiable types of households with particularly severe housing needs, or establishing priority eriteria for the selection of homes and projects to be financed a.s housing developments
(h) Criteria for inclusion of nonhonsing facclities in housing developments financed by the agency

Regulations proposed by the ageney in such areas of responsibility shall not take effect without concurrence of the director, the Secretary of the Business and Tramportation 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 rerfuest of a local public entaty, pronde advisory assstance for development of new and rehabilitated housmg for persons and famolies of low or moderate income, the elderly, and persons displaced by governmental action; and in the development of programs to correct or elmmate blight and deterioration and to effect community development or redevelopment

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

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

41161 The department may furnsh counseling and guidance services to and any governmental ageney or any private or nonprofit organzation or persons in securmg the fillancial asd or cooperation of governmental agencies in the undertaking, construction, maintenance, operation, or financmg of housing for Indrans, farm laborers and their famulies, persons and families displaced by artion of anv state or local public entity, workers engaged in cuttmg provessing, milling, handing, or shipping lumber or lumber products, the fambes of such workers the elderly and handicapped and persons and famulies of low or moderate meome The department hisy contract for or sponsor, subject to the avalabilty of federal funds. experimental or demonstration projects for permanently fixed or moble honsing designed to meet the special needs of agricultural workers, persons displaced by artion of any loed public entot., the handicapped the elderly Indans, and persons and familes of low or moderate mome Sueh eontracts or sponsorship ayrements may be between the department and local public entities. private enterprise or nonprofit orgamzations

41162 The department shall encounge research and demonstration projects to deveiop new and better techmques, including techmques of rehabilitation, for me easing the cuality and supply of housmg for persons and famlies of low or moderate income and may make grants or lonns, with or withont interest, in connection therewith

41163 The department may adopt rules and regulations establishing a mutudl self-help housmg techned assintance progiam providing grants to nonprofit honsmg sponsors for cariymg out programs of techmeal and supervisory assistance to ad persons and families of low or moderate meome develop mutual self-help hotsmg

41164 The depantment may make grants to nomprofit housing sponsors and local public entities for operatmg, admmstrative, and other expenses of planming, constructug. rehobilitatug, and operating assisted housung and may make giants to housing sponsors for the benefit of uessdents of assisted housing un order to acheve lower rentals for some or all of the units witho the assisted housing Such giants may not be made with moneys derived from the sale of bonds
41165 The department may eiter into agreements to provide staffing to assist the Fainers Home Adminastration of the United States Department of Agriculture in the conduct of federal loan and grant programs for persons and famulies of low or moderate neome $m$ this state whoch will inue primaily to the benefit of persons and familes, of low or moderate meome

41166 The department may conduct programs of rental subsides for tenants of existmy housing pursuant to Section 8 of the Enited States Housing Art of 1937, but may not participate in any rompetitise appleation process for operation of an existing housing program 11 a geographe area wheh melodes a lowil pablic entity that has notified the department of its mitention to apply Iowever, un conducting subsidy programs pursuant to this see tion, the department hall not operate housug developuents on engare in the purchase, lease, or sublease of housing developments

41167 The department may, upon request by a local public entitv, provide teehmeal asmistance fol the purpose of developmg appleations and plans for eommunty development funding pursmant to the Honsing and Communty Develupment Ant of 1874 ( $\mathrm{P} 1,93-383$ )

41168 The depatment shall endearon to obtam communaty development funds avalable under Tatle $I$ of the Housing and Commonty Development Act of 1974 (T L $93-343$ ) The department may, of federal funds are avalable, rondurt an movative neighborhood preservatiou progran in coopenation with a local public entity
41169. The deparment may povide terhucal nastance to any puble entity or pubhe utility undertakng construrtion, mantenance. operatim, or financmg of replacempit housing desioned for persons displaced because of the acgusition or clearance of real property for publuc purposes.

41170 The department shall dexelop and, subject to sperific authorization and appropssation by the legrslature or the avalability of fedexal subsides, implement demonstiation subsudy proviams in test the effectivencss of one or more housing subsidy programs for very low meome households and persons and familes of low or modetate meome Such proprams may milude housme allowame payments, homponnetship downpayment assistan ee, homeownenshin interest subsidy, leased housing subleased to verv low meome households, reht supplement payments on belalf of serv low monde houschatids, or othes tapes of subsady progiams
41171. The department may provide potentid housmer spousors and persons and fambes of low or moderate meome surh adveory comultative trammen and educational seryices as will asost them to berome owners of tenamth of housing findnced under tha dowson Such traming and serviees may meludic but are not limuted to, terchmeal and professional planumg assistalese, the prepardion and pommedion of
 thon serviese, traming courses, summars and leatures, the preparation and dosemmation of newsetters and other pronted materials

The depaltment shail, subject to appropriation by the Taceslature establisha a program of such home management tranng for parums and familes of low on moderate income who are oceupants or potental orcupants of gssusted humbige

The department may provide potental housing aponsors of multupleunit housum developments with adverry consultatice trammen and educational servees in the mamaement of housing
41172 The department mas poove trehmeal doustame and and to goverminental ageneres, end housmg spomsore for the pur por of protich-
 persons and famber of low or moderate mence wh when the bead of


41173 The department mas phonde comprehensher technalal asont-

 the plaming and orderlv dexelepment of sutable derent, safo and santary housmg for Anericon Indams reunding m buch nodu Such assistance may melude techneal asmistace m land use phammo nat-
ural and environmental resoure plaming, and economic resource planning Upon request of the governmg 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 (commenring with Section 34200) of Division 13.

## Chapter 4 Organization of the Commisston

41200 There is hereby continued in existence in state govermment the Commission of Housing and Commonity Development, which shell consist of nine members

41201 The members shall be appointed by the Governor for fouryear 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 expuration of their terms, unless removed pursuant to Section 41202 or any other provision of law.

The term of an appontment to fill any vacancy ereated prior to the expiration of a term shall be for the unexpired term only Each member shall contmue to hold office after the expiration of his term untal a surcesisor has been apponted 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 limetation 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 chanman of the commussion shall be designated by the Governor from among the members and shall serve as charman at the pleasure of the Governor

41204 Each commission member shall recerve a per diem of fifty dollars ( $\$ 50$ ) for each daly atetually spent in the diseharge of offical duties and eath shall be rembursed for his travelmg and other expenser necessarily incurred in the performance of his duties
4120. The commssion thall meret anaterly and at such other times and places as the commssom may dengmate. tor the purpose of transactmg ats bumess Special meetmes may be hipld at surh times as the comminsion may elert, or on the all of the charman of the emmission, or on call of not less than four member thereof The writen notice of the time, place and object of sarf spertal mepting shall be made by the secretary to all the members not paties to the (all at leant $15 \mathrm{~d}_{\mathrm{d}} \mathrm{y}$ s before the day of the meeting

41206 The Director of Honsmg and Communitr Development shall serve as secretary of the commession imd as such hatl keep the mmutes and record of all commsion proceedinis

41207 The ermmassion shall ectablinh the poluy for the Department of Homsing and Comumatr Derelopment
 standards regolating the use dud appluation of celluld cent rete is it determmes are reasomably necesar? for the protection of hife and property.

41209 The commssion shall not adopt, amemal or pepeal regula. tions after the effective date of thas section Whenever any reference is made to adoptom, ammandment, or reperel of rules on tegulations by the commassion, it shall be deemed to be a trierence to, and to mean, adoption, amendment or repeal of rewalations by the departnient

## PAR'T 3 CALIFORNIA HOISING FINANC'E AGENCY

## Chapter 1 Organization

41300 The Califormia Housing Findme Agencr in heieby created in the Busmess and Transportation Apency

41301 The reancy shall be admmontered by a board of directors consistmin of 11 votug members, maludng the Srate Trensurer, the Secretary of the Busuness and Transportation Agency, and the Durector of Housmg and Commumaty Devolopment, or themr designees, wr members appomeded by the Goven nor, one member apponted by the Speaker of the Assembly, and one member apponted by the Senate Rulse C'ommittee The Director of Fmance, the Director of State Planmon and Researeh, and the president of the ageney shall serve as nomyouns, ex ofhem members of the board

41302 Apponted members of the board shall be able persons bondly reflective of the economic, cultural, dind som lal divessity of the state, includmg etlme monorities and women However, it is not momiterl that formman or specofir ration be applied m order to drheve sum diverusty

Members of the board appointed by the Speaker of the Asmembly or by the Semate Rulen Commattee, shall not be current members of either house of the leaghiature The temm of mombens mitally appomted bs the Speaker of the Assembly and the Semate Rule ('ommattee wall be four yedrs

Four members of the board apponted by the Uovetnor shall be per-
 sions
(a) An electod official of a city or county angaged m the plammang or implementation of a houbing, hounho dssistante, redoselopment or housming rehablatation progidm
 or mortgage banking ot commore lal banking moduatra
(e) A buider of mendential loonsing
(d) Exparment in orgamzed labor of the residentide ronstrution mondentry
 lower meome houmehold,
 be tuo veas with reapect to the first twa apponiment and where y with respect to the other two appontment

Two alditemal member of the board appontad by the fionerome
 experienced in counseling, assisting, or repesconting thanis Thatomm
of such members mothally apponted thall be six years for first apponted and two yerns for the ather inember Surcesem to suth ims. thally apponted member shall be telanth lanne minemal homwing fimaned by the agency, of any exats


 serve only for the repamblen of the unexpucel turm Subjert to con-
 appolitment
41303 All memben of the board apponted by the (aonerime shall be confirmed by the Senate hefore tokina office

41304 The representation of wirted antenat grompon on the boand shall be deamed esmental to obtan bufomatom foll the dovelopinant of poluy and deranoms of the berad It shall not he a comflet at miter-




 serve as a member of the board When fincerat at amedmes of the






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 ment findured or asomed ander than pat No ieal pipmin to whif a



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 be ground for doyuatifiedtion of the member fown the boad or the
 boad or ngeles:



 filmatal miterest
(2) Any commitment by the ageney to provide funachl assistamee to a housing spomsor in wheh a neniber of the boatd or oftiar or employee of the denery is employed, holds any offienal relation, on has ans financal interent
(3) Any commutment by the agency to provide finanual assistance to a housing spousor to which real property has bran or is tramsferred for a housing develomment to be financed under thas part, if a member of the board or offieer or employee of the ageney has or has had legal title or any financial moterest in sueh real propettr
(c) Any commitmant by the anency to provide finamolal asarstance under the earcumstances sperified m palagraph (2) of (3) of subdission (b) sholl not be vondable following relpase of the funds, but shall be ground for acceleration of the loan or prospertive termmat on of $d$ contract of finaneml assistance

41306 Board niembers shall be removable solely for cause
41307 The Governor shall appoint a charperson from amour board members, who shall, when present, preside at meetings of the board

41308 The board shall elect a president, subject to the appronal of the Secretary of the Busmess and Tramsportation Aqency, who shall serve as the ehef exerutive officer of the ageney and thall, subject solely to supervision by the boaid, admmater and darect the day-to-day operations of the agency The board shall from time to time determine the total number of authorized emplosees, within the aurency The boand shall deternune the salaries of those employees of the dgeney whose salaries are not pad fions moneys approprinted to the asetue from the General Fund, other than moneys appropisated by the act andeting this division

41309 The rompensation of the president shall be established by the board 1 in surh amount as is iectomably nearssaly, in the dracretion of the bodid, to attract and hold a person of superion qualifications Itouever, the sultiry of the peesdent chall not exceed the saldiy of the Secretary of the Buamess and Tamaportation Agency Member of the board shall not recorive a saldry but whall be ontitled to a pur dirm allow-
 the board not to exceed three humrled dollath (\$300) mang month. and rembusement for expensen momed in the jertommance of their duties moder this part, meluding trayel and other necesbry expenses

41310 The president may flom tome to time employ techmeal experts and ancli other employeen ds mav, m him judgment be necessaty for the conduct of the business of the deaney

41311 Notwithistanding the pronision of Seatom 11042 and 11043 of the Government ceude, the preathent may ampley ris attorney to the areney an attorney at law buenced in this state The attaney shall
 with reand to all mattur in commetion with the poway and rlitios of the agenus and the borad momburs and officers the teof The attomey shall perform all duthes and selvas as attolney to the dyemer wheh the agentey mav require of hum

However, except an provided in Gection 11040 of the Gorermment Code, the Attomey General wall represent and appedt for the people
of the State of California, and the agency in all court proceedings mvolving any question under this division or any order or act of the agency

413115 The Executive Secretary of the Fousing Bond Credit Committee created pursuant to Section 41707 shall serve as the exccutive vee president of the agency and in such capacity shall be duectly responsible to the president The pxecutive vice president shall provide laason 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 pard by the committee to the executive seeretary The salary of the executive vice presudent of the agency shall not exceed the salary of the president

41312 The president shall, in consultation with the Secretary of the Busmess and Transportation Agency, prepare an annual budget, which the charperson shall present for adoption to the bodrd of direetors with his comments
41313. The board shall approve the sale of oblugations or securities and other major contractual agreements and debt oblyations Any other contractual agreements or debt obligations may be upproved by the president pursuant to regulations of the board
41314 The prompal 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 neome

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 meome households by providing that, subjeet to the avalability of subsides, not less than 30 percent of the units financed by the agency shall be made avalable on a prionty basis to very low ineome 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 gaency at any time shall be avalable to very low incone 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 recerve 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 meome households
(2) Units mproved with a rehabiltation 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 recenved per unt by all nnits specified m paragraph (1) which are financed during the precedung 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 amenties, and on stes convenient to areas of employ. ment, shopping, and public facuities.
(d) Increasing the range of housing choice for minorties of low income and low-meome persons, rather than maintaining or increasing the impaction of low-income areas, and cooperation in 1 ? plementation of local and areawide housing allocation plans adopted by cities, counties, and joint powers entities made up of counties and cities.
(e) Identafication 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 finaucmg is needed for transfer of existing housing, so as to maximize the impact of financing actuvities on employment, reduction of housing costs, and maintenance of loral econome 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 identsfied 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 familes of low or moderate income
(1) Full cooperation and coordnation with the local povernment agencles of the state in meeting the housing needs of cufies, countres, 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 economeallv depressed businesses located in areas of munority concentration and in mortgage deficient areas

41333 No piovision of this part shall be construed as a restriction or limitation upon any powers which the agency or any local puble 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 conferted by other laws. However, except as expressly specafied in this part, the issuance of bonds of the agency need not comply with requirements not contamed 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 acqusition of any housing developments undertaken pursuant to this part need not comply with
the provisions of any other state law applatable to routracts for the construetion and arqumtion of state-owned propenty frowner, the agency shall adopt regulations for review of comstruction contacts to which a honsmg sponsor in a party The agrency shall require that construction financed by a consturtion loan trom the ampery on housang developments other than mutual self-help homing not less than the general prevaling rate of per diem wages for woik of a cumber "hataeter in the locality in wheh the constrution is performed, and not lex than the general prevalug rate of per dem wage for holuday and overtume work, shall be patd to all workmen employed min sult comthuetion exclusive of manterance wook The ageney hadl iletemme or requre determmation of the general porvalug rate of per diem wares in aceordance with the standads set forth $m$ Section $17 \overline{3} .3$ of the Labor Code Apprentices shall be employed in the "onvinution of loomang developments in arcordance with the egulations of the agency, which shall impose the same requirements is contaned in Section 1777.5 of the Labor Code, except as to differ pncer netessulated by the methols of awarding construction contraets for housmg developments finatured under this division.

41334 The exercise of the powets specified in thin divison will be in all respects for the benefit of the people of the state, for ther wellbeing and prosperity, und for the impoovement of theit sor lal and economic condations, and the arency shall not be reguned to pay any tax or assessment on any property, other than a honbing development, owned by the rgency mider the provisions af this duvision or upon the income therefrom Any bonds issued by the agency undet the provisom of this division, there transfer, and the meme themefom thall at all times be free from taxation by the state or any pohtual sublivision on other mstrumentality of the state, excepting mhertanee and gift taxt

41335 The agency and every housing sponton thall requas that occupaney of housmy developments asomised turder thin part shatl be open to all regardless of race, sex, marital siatus, colot, religion, uнtional origon, or ancestry, that contactors and subromtartom engaged in the construction of housug developments shall provide an equal opportunity for employment, without dise rimultion ds to a are, marital statns, sex, color, relgion, national on mim, of ancestiy, amd that wheh contractors and subeontractors shall submit and recelve approval of an affirmative action program prior to the conmentement of constrilution or rehabilatation Affirmative aption requaements tespecting apprenticeship shall be consistent with Chapter 4 (rommencing with Section 3070) of Division 3 of the Labor ('ode

All contracts for the management, ronstuction, or rehabilation of housing developments, and contiats let by housmg sponsors, 'contractors, and subcontractors in the pertormance of such management, construction, or rehabiltution, slall be let without distimmathon as to race, sex, marital status, color, rehugon, bitiond ongin, or ancestry and pursuant to an rffimative actum program The drenty shall periodically retzew mplementation of affimathe artion program, which shatl be at not less than the federal dffimative artum standath unless the board makes a specific findmer that the equrement would be unworkable required by this section.




 the combluction, planmg finameng amt matagemen of housmg dex elopments The wene shall adont maten and rearulation to mplement the moncmin of thas section

Prion to commatment of finmemge the mants s'all require each houshe y fonsor who is not a perion or famly of lon on maderafe
 is mot mutual selt-help) lomathe, to nohnut an affirmatmo marketmir
 The dgence shall tequre such a houshig shomsor to condant the affib mative marketing progian an appoised Additounth the rgenes shall sumplement the effoits of mivedual housing sponsare be conducting affirmative mathethg proprames with renpent to anch hombung at the state lese]

41336 It sladl be the polur of the agency to woordmate ith activaties wath the department it shall be the polses of the ageley to eonduct its operations so as to be fiscally self-suffieient and so as not to require Hppropriations from the Gemerth Fund for payment of ats admuntrative costs

41337 No deselopmant or chastruction form chatll be made pursuant to thes part if the agency determmen that the making of surf a loan
 subsidies due to the talure of the dgence to we rurrently available subsidies

41338 loms made purmait to thas patit to Imented-dundend housme sponson nomprofit housing sponsors, leed puble entitus, or other sponsors of rental housug developments shall not excerd 95 pencent of the development costs of the housing dea elopment for which the loan is made Honever. huch a loan made to a nonpofit housmg sponsor may be for not more then 9 perient of development costs unless the nomproft housing sponsor has, or will particupate in the homsng development with another houmg чpomser wheh las a substantul past secord of suceroful residental develomuent and not less than 20 pencent dind not more than 2.5 provent of the unts in such housing development will be weupied bs low-meome, nomelderly households

## Chapier 3 Financlal I'rovisions

41360 The ('illfonlad llousing Fmance Fund is herebs areated in the Stite Trestura:

Constaction lorn fund may be transferiad to the construction lender as necemarry to med drans for progreas pas ments

All menes in tio fund is herebs rontmuans? approphated to the agency for larrumg out the purposis of thas part, and, notwithstandmg the provisions of Chapter 2 (commenemg with Sertion 128.50) of Part 25 of Dumon 3 of Title 2 of the Gompmment ('ode or the pronsions of Artole 2 (commencung with Section 13320) of (hapter 3 of P'art 3
of such division, application of the fumd shall not be ubbe.t to the supervision or budgetary apposal of ans wher offiee or chivion of
 consultation with the Secretary of the Buancse and Traminortation Agency Additionall, the ayenı $y$ 's budpet whal bo submitted to the Jome Legishative Budget Committop for resten and comment The ageney may pledge uny or all of the moness in the fund as returtit for payment of the prompal of. and miterent on bond mand puestant to this part, and, for such purpune of as necesumy on (omemient to the accomplishment of ans other purpose of the aremy mat inve the fund mo separate aceomts Als moness arrung tio the alyenes fom whatever souree shatl be deposited $m$ the fumd
 bonds pledgeng any purtular aspets, rexemuen on mouchs the dgemy may create separate arcounts in the fund to menldge donts, fermues or moneys in the mamer set forth in such apreements
41362. Subject to modniedtion of any agityment with bouatuder
 be deposited in a spectal areomit whith thatl be used exalumel- tor the anortizition of debt and the proteretion of the undarlving wererite

41363 The ageney shall trom thate to the direct the State Trest urer to mest money, in the fund whim ari wot requmed for its elitrent needs, meludme proceeth fiom the sethe of diny bomis. in such
 as the ageney shall desmate The derney may dircit the State Treate

 state. To the extent puble depoents, ute permitted be han in vismg
 make such deposits based on the aremers a allonations of numere be-
 made in a mamer appoxmatmo the retative patent of there parter-
 not be regmed to the extent that the: wond rasult in merept by the ageney of a deposit miturest rate that in lower than the haghant intarint rate ivallable from another matilution qualified to tereme warla do. ponts The arency may altornativels replime the fander of money

 Part 2, Divison 4, fitle 2 of the Cocermment 'owhe
 deposit shall be depomited in the find, netwithlaminig ticetion 163057 of the (Govermment coll Monevs in the fund shatl not be cubjurt to transfer to any other fund purvant to duy pmosion of Pat 2 (emom-
 ment Code, excepting the Surplus Money Incontanit Fund
 appropriated to the fund from thme to thme by the Lagstature for atfectucting tos purpove, mehudmg, but not lmuted to, the pryment of the antal expenses of admumstration tond operation and the establahment of reserves or contmineuey tund to br walable for the pawment of the primepal of, and the moterest on, diny bouk of the derency

41365 The dgency shdll, with 90 days followng the close of each fiseal vear, submit an amual repoit of its actuities for the precedme year to the Governor, the Kecretar: of the Busmes and Transportsthon Ageney, the Drector of Housing and (is munty Jnevelopment the State Treasurer, and the Leoshature Withon on day following the close of each fiscal year. the agency shall also submit in monal report to the Jont Legislatase Andit Commiter and the Tome Lepislative Budget Commottee Earth surh report slall set forth a complete operating and finanelal statement of the agency durme the concluded fiscal sear The report shall cureafy the number of numte assonted, the dastribution of umts among the metropolitan. nonmetropolitan and rural areas of the state, and shall contam a summary of statistical dita relative to the meomen of hounpholds werupying issisted umits, the monthly rentals pharged to oecupants of rental houmm developments, and the sales priees of housing depolopments purchased durine the prevous fised year by housing aponsors who are persoms or fambles of low or noderate income The report shall ako melude a statement of actomphishment daring the previous yedr with respect to the agency's proqess, proorties, and affirmathe action efforts The ageney shatl] specifically ineluale in ats uport on affimative action goals statistical data on the numbers and percentages of mmority eponsor, developers. conteactors, subcontractors supphers, arehatests, engineers, attorneys mortgage bankers or other lenders, munduce dgents and mandging gagents The agenes shall eause an andit of ath books and decounts to be made at ladst once durmen each fisual year by an mopentent certofied public accountant and the agenry shall be subject to audat by the Department of Finance not more often thath onee earh fiscal year

Withm 90 dars followng recerpt of the agency's anmual report, the Joint Legislative Audit Commatee and the Jom Legislative Budget Committer shall submut arepurt on the agency"s detivities to the Legislature

41366 All moneys declared by the dgency to be surphos moneys which are not required to service or retire bond isuled on behalf of the agency, pay admuntrative expenses of the agency, accumulate necassary operatimg or loss rescrves, or repry loans to the agency from the General Fund shall be used br the ageney to provide spectal interest reduction programs subshines for housing developments or ocenpants or owners thereof, or counseling programs. as authorized by this division

## Chapter 4 Generar 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 mantam offices it such place or places usthin the state as it may designate
(e) To adopt, and from time to time amend and repeal, by action of the board, sules and regulations not mensistent with the provisions of the part, to carri mito effect the powers and purposies of the agency and the conduct of its bunaless Rales and regmitions of the
agency shall be adopted, amended, repealed, and published maccord. ance with the provisions of Chapter 4.5 (commencing with Sectun 11371) of Part 1 of Diwwon 3 of Title 2 of the Gonemment code With respect to regnlations in areas specified in Sertion 41137, the ageney may propose regulations, but such reguldations shall beeome effective only upon concurrence of the Secertary of the Bucmess and Transportation Agency, or his desiguated representative. or the Dires tor of Housing and Conmunty Development
(f) To make and execute contracts and all other matraments necessary or conventent for the exerche of its powers and functions under this part with any govermmental ageney, priate corporation or othor entity, or andividual. and to contrart with any local publu putate for processing of any aspect of finanemg housing developments
(g) To acpure real or persond property or any interest therem, on either a temporary or long-term basis $m$ its own mame bv gift, purchase, transfer, foreclosure, Iense, optwon, or otherwise, meluding pasements or other incorporeal rights in property
(b) To hold, sell, assign. lease, eneumber, mortoage or otherwise dispose of any real or personat property or any unterect therem, to hold, sell, assign, or otherwise dispose of "uy mortgane mterest owned by it, under its control or custody, or in its possessimn, and, as applcable, to do any of the acts specified in this subdivision br public or private sale. with or without pubike bidding, notwithstrinding ans other provision of law.
(i) To release or rehnquish any right totle, clam hen, interest. easement, or demand bowever acqured, meludmg any equits or mght of redemption in property foreclosed by it
(j) To deterime the terms and eonditions of any mortgare mstrument, deed of trust, or promissory unte used or executed in compunetion with the financing of any honsing development
( k ) To employ architects, engmeers, atforneys, ac (oumtants, housme construction and financial experts, and suth other advisers, consiltants and agents as may be necessary in th judgment and to fix their compensation
(l) To provide advice techucal mformation, and consultative and technical serviee in connection with the financung of housing developments pursuant to this part
(m) To procure msurance against any loss in connection with its property and other assets, moluding mortgages and mortgase lowns, $m$ such amounts and from such msumers as it deems demrable
(n) To establish, revise from time to time and charpe and wollowt fees and eharges us connection with lodms made br the agener
(o) To borrow money and wsue bonds, as provided motha part
(p) To enter such agreements and perform such dets as are necessary to obtain federal housing subsiders for use m 'ommection with housing developments
(a) To dy any and all thinge necessury to earry out ith purposen and excreise the powers expressly granted by this part

41386 The agency shall be a state reprenentative for purposes of recenving dud allowing fivanoml and and contributions from agencies of the federal govermment which are provided to the state or to the agency for the murpose of subudeng housing for persons dud familes of low or moderate meome and may uthize federal nobodien dvallable to it in providity housing for percous and familes of low or moderate mome or for exetesmg any other of its powers The agenor shall have prority among all other unts of state government for receipt of federal housing subshles to the extent unts finaneed under the part are elgible for such ansistance.

41387 The dgency mav enter moto agrepments to provide staffing for the Farmers llome Admimistration of the Tmited States, Department of Agrieniture in the conduct of federal loan and grant programs in this state which will inure primarily to the benefit of persons and familien of low or moder ate meome

41388 The agency maty make and expente contract with quallfied mortgage lenders for the mitation or serveng of mortgage loans, construction lodns, or develupment loans made or acquired by the ageney pursuant to this part or for other services rendered to the ageney The agency maty pay the tedsonable value of services rendered to the agency pursuant to such contracts.

41389 The agency may make or undertake commoments to make development loans, construction loans, mortgage loans to housmg spmsors to tinance housmig developments, as provided in Chapter 5 (commencong with Spetion 41450 ) of this part

41370 The agency may purehase and sell construction loan oblgations, rehubilitation loan obligatioris, and mortgage loan obligations as provided in this part.
$41: 391$ Pror to the commitment of moneys under tha part for the findmemp of a brabing development ay movided in Artules 1 to 4 m rlusive, of ('hapter 5 (commencing with Section 41+50) of this part, the agency shall take adequate meacures to assure (a) the econome feasibluty of the housing development, (b) the finamelal ehopibihty of the housing sponsors and tenants. (e) the consistency of the proposed housing development with the current housing objectives of the agency, and (d) the sufficienty of aeress of the housing development to supporting sonial servees, transportation, shools, employment, and retall merchants Wherever possible the agency shall verify such facts before finaneing is committed

41399 (a) The ngency mav renegotuate. refinance, foreclose, or rontract for the foreclosure of, my mortmage in default and may wave any default or consent to the modifiention of the terms of any mortgage With respeet to homsug development, the auence shall regure that mortguge serviomg and forcolonure practices, moluding fonbearance and resacting of montgages in defant conform to agenry regulations
(b) The agency may commence any action fo protent or enforce any right confer red upon it hy any law mortgage, contract, or other agreement and mas bid for and mirehase propelty wid m satisfaction thereof at any foreclosure or other sale or may otherwise arquire and take
possession of such property Subject to any arreement 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 ageney may procure msirance or comswance or guarantees from the federal government or from any governmental agency or instrumentality thereof, or from any private ansurance company, of the payment of principal and interest on any bonds sssued by the agency. The agency may pay premiums on any such insurance

41394 The agency may, for services perforined, charge and collect from housing sponsors and qualified mortgage lenders such fees and charges for the purpose of defraying admunistrative and other expenses ias the agency may establish from tome 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 pubhe 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 mure primarily to the benefit of persons and famulies of low or moderate ncome hving in a housing development

41396 The agency shall establish criteria for honsugg sponsors and qualified mortgage lenders, which shall be designed to assure the financial integrity of programs anthorized by this part and which shall provide for effective implementation of the policies and purposes set forth in this part The eriteria shall take mo arcount the differences between private and public institutions qualifying as housing sponsors and qualified mortgage lenders.

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

For purposes of this section, displacement includes relocation oreurmg becanse of inability to pay increased rentals resiltung from rehabilitation

41398 The agency shall establish maximum sale prices for the initial sale of housing developments the arquisition, construction, or rehablitation of whech is financed by the agency in antic ipation of sale to persons and families of low or moderate income The agenev shall also establish maximum sale prices for any housing dev elopment whenever the buyer of such housing development recelves a moltgige loan from the ugency The maximum sale prices established bv the ageney 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 nomprofit housing sponsors and local public ageneres to meet expenses incurred in planning, constructing, rehabulitating, or managing housing developments The
agency may make grants to housing sponsors for the purpose of lowerang the rents or cooperative housug charges on some or all of the units within a housing development tirants 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 complants by housing sponsors and tendats of housing sponsors and contractual disputes between two or more housing spobsors or between a housing sponsor and a tenant of such housing sponsor Notwithstanding uny other provismo of law, no mdividual 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 eriction 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 hearng is made to the landlord in writug 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 writmg withn the period spectied in Section 1946 of the Civil Code or Section 1161 of the Code of Civil Procedure, as the cuse may be, an mpartial hearing, in accordance with procedures estiblished pursuant to regulations of the ageucy, shall be held and a decision rendered withm two weeks after receupt by the landlord of the tenasit's uritten 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 detamer proceedme may assert as a defense the failure of the plaintiff or the agenes to comply with the requrements of this section or regulations adopted pursuant to this section A defendant in such a proceedmg may assert as a defense that the findugss at the hearing were not supported by the preponderance of evidence
(e) Notwithstanding subdıvisions (b) and (c), the right to an impartial hearmg shall not vest unless
(1) The landlord falls or refuses to pay into escrow rent previously paid by the tenant under protest of its not being owng, or
(2) The tenant pays minto escrow the rent, if any, claimed by the landlord to be due and owing, meluding rent for the two-week hearing period
41401. The agency shall adont standards for the admission of tenants, termmation of tenancies, and eligibihty of purchasers of housing financed under this part, as well as standards establishing maximum percentages of meome which a tendant or purchaser may allocate to housing costs, wheh 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 Pror to authorszing a loan under Chapter 6 (commencing with Spetion 41550) of this part or a mortgage loan under Chapter 5 (rommeneng with Section 41450) of this part, if the lom undel pether such chapter is for the purchase be a housing cponsor which is a perwon or famly of low or moderate meme of a smgle-unt houng development, the agency shall:
(a) Require an appracal of the housing development be dome br a competent and experienced appraser
(b) Establish a maxmum purchase price for the humag development
(c) Require that the housing development be either newly constructed, recently rebabintated, or certified br the how inde anforesment agency. or the department to be m good condition
(d) Require that the purchaser mintend to ourupe the hommg development
(e) Requare that the loan bear below-market monest axuept in otherwise provided in Chapter 6 (commenumg with Section 41550) of thes part
(f) Require, notwithstandmg Section 19165 of the Civil Code that a mortgage payment schedule at market moterest be substituted for an ot igual parment sehedule at below-market interest, when the borroues or a subsequent purchaser ceases to be a person or fams, of lont or moderate mome and that additional payments of interent resulting therefiom be forwarded to the dgency The ageney may wase the iequirement of this subdicision whes necessdry to permat partiondition $m$ federal mortgage msurance, guaranteed, or purchase programs

41403 The ngeney, after approving an applitation for a mutusl self-help housmg project, may make development hanm and womstruetion loans for land dequinition and development cost, to elighle housme sponsors on such terms and cenditions and in such amounth is it derms necessary to accomplish the purposes of this part Surh develonment loans and construction loans may be minerst free if sutherent hurplus funds exist for such purnose and such loans eme be made without jeenpardzang the finanerd self-suftemeney of the agenes on the adopuacer of ats reserves Land degured and honsing development fintured pursuant to this section shall be sold or eonvered at cost to elyenble hammar sponsors or to other mutual self-help housung

The agency mar, as part of making a loan pursuant to the sertion approve the use of Jodn funds to povide improvement secuits requred under subdivision (c) of Section 66t62 and Chapter 5 (eommenemg with Section 65-99) of Division 2 of Title 7 of the Gownmment Code. which shall he m heu of mprovement security ntherwse requated by such provisions

In makng loans pursamt to this section, the ngeney an all alternat tive to disburang such loans directly to eligible homsing aponsor or persons and famben of low or moderate meome. maty etabloh poop. dures retaming such loms or poitime theieof, and dosbine surl amounts directly to the person or entity performug an monved servier

## Ceapter 5 Financing of Moutsing Developments

## Article 1 Ifoans for Housing Developments

41450 Subject to the limitations prescribed by Article 4 (commencmg 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 mortage loans pursuant to this part, the terms and conditions upon wheh surb loans may be made to housing sponsors, the admission of tendents to a housing development, construction of any ancilary commerchal facilities and supersmon of housmur spomsors. meluding housing sponson owmag and decupying a housing development Such reguldthons shall require where a finalicing commatrment is made for construetion of houring to be purchased by persons and familes of low or moderate income, that construetion will be undertaken in an economical mamer, providing the buyer with an attractave home
41452 The agency shall enter into regulatory contracts and other agreements with housung sponsurs receiving loans under the provisions of thes part.

## Artrele 2 Loans Through Intermediay Lenders and Mortgage Purchase and Sale

41455 The agency may mevest $m$, purchase, or make commitments to purchase, and take assugnments from qualified mortgage lenders of, conatruction loan obhgations, mortgage loan oblgations, and participathons therem for finaneme or refinanemg of housung developments Such construction loan obhgations or mortgage loan obligations shall be hmited as to charges, interest, maximum loan amount, and maximoum apprased value pursuant to regulations of the agency, which shall be consistent with the pirposes of this division Surh construction loan obigatiom or mortgage loan obligations may be held or sold by the agency, or the dgency may create pook of construction loan obligations or mortyage loan oblizations held by the ageney and may sell securities barked bv such ponls
41456 The agency may mvest in, purrhase, or make commatments to purchise any oblugation secured by a mortage or partictpation therem, and sell such oblugations or ereate pools of such oblurations held by the agency and issue and sell securities backed by sueh pools The agency shall requre the seller of mortgages purchased by the agency to use the proceeds for the purpose of financing housing developments

41457 The agency may msure or puarantee any obligation held by the agen'y and secured by a mortgage on a smple-mat housng development for the purpose of mereasug its arceptabinty or value for sale or as secunty for other oblugations Nothing in this section shall, however, be construed as anthorizung the creation of a debt or labilhty of the state withon the meaning of Section 1 of Article XVI of the State Constitution

41458 Sales of mortgage obhyations and securities pursuant to this artucle may be made at publir or pivate sale, with or without publie bidding, whether durectly or through a contract with a private marketing intermediary

## Artacle 3 Loans to Quahfied Mortgage Lenders

41465 The agency may make loans to qualifed mortgage lenders under terms and conditions requiring the proceeds thereof to be used by such mortgage lenders for the parpose of making construction loass and mortgage loans for the purpose of finaming housing developments, as defined m Sertion 41043
41466 The agency may make loans to quanfied mortgage lenders under terms and conditions requiring the proceeds thereof to be used by such mortgage lenders for the porpose of making mortagage louns to finance housing developments
41467 Loans shall not be made under thin antucle unless they can be made at a lower net interest cost to a honsmg sponsor than is avalable with loans made under the prownons of Article 1 (commencing with Section 41450), Artuele 2 (rommensug with Sertion 4145.) or Astucle 4 (commeneing with Section 41475 ) of the chapter

41468 Loans shall not be made by the agency to a quahifed montgage Iender under the provisions of this article, except pursuant to an agreement between the agency and the qualified morthage lender Sunh agreements shall melude the following
(a) A maximum merest 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-servicmp and foreclosure practues, meluding proyrams of forbearance and recasting for mortgages in default
41469 In connection whth loans made pursuant to the article the ageney may collect, enforce the collection of, and foreclose on any collateral securing the loans and may aequire or take possession of such collateral and sell the same at publue or privite sale, with or without puble bidding and otherwise ded with ant h collaterul dis mar be necessary to protect the interest of the agency therem The exercuse of the powers specified in this subdivision shall be subjert to any agreements. with boudholders

## Article 4 Lender of Last Resort

41475 Except as provded in the artucle, the ageney shall nof make $r^{2}$ construction loans or mortgage loans for the purpose of fibdiemg own-er-occupied housing developments unless such loans are made through a qualufied mortgage lender

41476 In rural areas the agency may make and undertake commitments to make construction loans and mortgage lodus to housing sponsors to finance housing develop,ments without the partielpation of a qualified mortgage lender if no quahfied mortgage lender will partictpate in financing such housing developments as provided, in Artiple 2
(commenemp with Sertion 414j.) or Aricle 3 (commenrmp with Sertoun 4146.5 ) of tha ('hapter, or af the boand detemmes that the areacy
 quabified mortgoge lander

4]47 The arome man make and undertake commitments to make
 my deselophosints uithout the patmipation of a qualifind mortirage Lender where the memer of the owner-ocempant is now greater than 6.5 percent of the mediall medmas for the ared in whoth the housing development is louted detormmed by the limted Stites Department of Housmge and Urban Devalopment

## Artule 5 Supervison of Fonsing Sponvors

41480 The ageney shall do the following.
(a) Presel ibe unform strstems of accounts and records for housing sponsors of rental dind cooperatse housing developmants and require them to make reports and mive answers to specefic questions on such forms and at such times as may be neressary for the purpuses of thas part
(b) Estriblish munamm apsital recerues to be mantaned by nonprofit and hmated-dinadend hounmy sponsors of reatal and coopeanative housug developments
(c) Fis and alter from thme to time a selicdule of rents such as may be neremadry to poovide orecupants who ate persons and fanules of low or moderite meome with aftomablin resits to the extent comsistent with
 and to provide profits to hommer 4 ponsors subject to the hmmations of Section 4l48, Ans commereal fatition constitutug a poition of a fangle houning development finduced pursuast to thas part shall, to the extent they uecers the bencfit of below-maketorte finamemy from the ananey, dsemst in the support of appoitenant rebodentad facilities No
 unt withous the pison permisson of the agpuey, wheh shatl be given only if the lowsuge sponsor affimatmedy demonstrates that surb mereane is meecsimary to defras mepeased operatmin costs or avord jeopardang the fincal moturity of the hounme develofment Prion notue of why sent mereame shabl be given m writur as regured by
 effective the houming spomor shall motafy every afferted temant, in wrimge, of mormal mectinem with the houning sjonson to review the proposed ient merease
(d) Determme shandarik for, and enotrol selection by housing sponsors of: tourats and pureblamers

41481 Ther dobers may do ary of the following with respect to

 lemd, buhblige and equpment of a housing sponsor, meludng ith
 Howeser, there vall be no eutry or mapection of occupied unts without reasonable notice
(b) Supervisp the opetation and mantename of athy homany development and order suell reparis an mas be merenals to protert the pub-
 development
 it may prencribe to defrey ith bonts meared in romuction with the exammation, inspectiom, supervision, duditing. or ather pagulation of the houning sponsor
(d) Regulate the retimement of any apotal mvestments or the redemption of stock or the distributmon of any equity meterent may housinge sponsor.
(e) Order any housing sponsor to do. or to refrem from doms, any act, as may be necemary to comply with the provinom of state, ferderal. or local laws, the rules and requilamos of the agedes, or the terms of any contract betwan the resorey and the houshog sponcol
(f) Withold the tramater of construetion payiments to a honging


 ugency and such houning hombor

41482 Erery fmited-divadend hombing sponsor of atertal hounang development which recenes a comatruetiom loan or montare lom or at grant pursame to tha part shall anter mota an ateremont with the
 distribution to all homual amount mogreator than 6 priselint of the equity mented in the hombing development The dgemen may peimit a distribution preater than $G$ pereent to mestors tomitobutmg alde. tional equity money to an existmg laning development, of in the edinc of a housing developmunt over whuth the dgemy has dbumed mam-

41483. Thom makmg a determmation that the findmend stative of a rental or cooperatise housing development is such in to jeopardire any


 in such manner and under such terma and rombtomb an the agemey may provide in ats rules amd rexulations or a it mav stmulate in duy contract with the housimg mpomsor Suh romhtal may be reperand through appontmest by the aigeney to the povermme boty ol surh housing sponsor of a number of new nembers suffienent to constitute a vothe majority of the governmir body thenef, notwithatambing the
 ganization of the hombing sponsor
 gores of cont wheh shatl be allowible m the comatruetion or rehabil-
 sponsor to certify the derehopment rosts upion completmo of the homing development Such ceatification of developmient wats shall br wabject to audit and verification by the ageney
4148.5 The dormey may mbtitute nuy artion or promedng pursuant
 or absmonge a loan under the povisions of this pert in ans erourt of competant , fursathetion in obdel to ebforee the prosmome of thas part
 such lemanis spomsor, to foreclone its mordgage or to other wine protere the publec aterest of the orecupents of the hotising development Where nemenory to protert the miterest of the agones, it man, in commection with any whel adion or prorechans apply to the wont for the appome ment of arecerver to take over, mamage aperate, mud mantan the af-
 ment No revelver wall be apponted unless approved bi the agracy

In the revent of the reogemaation of any homsme wonbor, to the ex-
 ramon and contol ot the agency and mo such reorquniantion shall be effected without the pion writen consent of the agener In the event
 ugenes is not a barts, there shall be no sate of the bousme developmont or any porton thencof, execpt upon 60 dars' written notice to the agemy [Tpon remeph of such notme, the agency or Attarmey (imemal ahall take with stejx ach in ats judgment mav be netessary to protert the rights of all partion
$+7+86$ Whenever a houng sponsor of a rental or cooperative housmig development accumulatis an eamed surplus greater thin wach operatimen and replacement rownem as the agemer may require surplus shall be used to reduee rents within the housing development to a level at whels no person or famsy of low or morlerate meome noeruming the houmg developmont prys more than the afordable rent Whanever a
 laten an earmed hutblas greater than such operating and replamement yesrrees as the arrmes mave require and no person or family of low or moderde fucome occuping the housing development pary more than the aflondable tent, then such surplus shall be transferted" to the ageney for use un lowatigy the whis for persons and famber of low or monerate meome in othe houbmg devolomments to a level no greafer that the affordable wents

41487 A homang spomor that is a person ow family of inv or mod. erate uncome wall not recome fimancial assistamer under thas part if such) parmon or family has already recened assistmee under thas part for purehas of othes real property. unless such property is sold or transfrum for good nouse as determmed by the agener

## Artule 6 Priorities

4149.5 In selecting homes and propect to be findined as housing developments, tha asency shall give priorsty considenation to the needs of identifiable goups within the state as identafied hy the California Statewide Howsing Plan Suth groups may melade but need not be hmited to eldery, permons handuapped persoms large households, and persons dud fambes displaced by qorermmental hetion or natural disaster The agency bhall aldo 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 maxımize the impact of the agency's financial activities on employment, redurtion 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 handeamped

41496 Subject to the availability of suffielent subsidies not less than 30 percent of the total units receiving mortgage loans pursuant to this part during each fiscal yegr shall be made armlable on a pronty basis to very low income households Subject to the avalability of sufficient subsidies, not less than 20 percent of the unts 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 avalable in the development for very low income households to meet the requirement of making 30 percent of such total units avalable to very low income houspholds $\mathrm{H}_{\mathrm{n}}$ ats required to be made avalable on a priority basis pursuant to this section shall be offered exclusively to those withm the priority group unless or until the agency permits the unit to be offered to other potential oceu-

## pant groups

41497 If at any time, the number of units in housing developments avalable to very low meome households falls below on percent of the total units in housing developments, the agency shall immedrately 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 unts so avalable

41498 At the time a mortgage loan commitment 15 made to finance any rental housing development, a written agreement between the agency and housing sponsor shall be expecuted. designding the number of units to be made avalable on a priority basis withur such housing development to very low income houseliolds, to persons and fumbies of low or moderate income, and to other housebulds if the number of units oceupled by very low meome households. many houng development ever falls below the number arreed to by the agency and housing sponsor, then units which become a alable for oceupaney shall subject to available subsidies be made avalable on a priority basis to very low income households mitil the number of unts so cecupped equals at least the number specified in the ugreement The derney niay from time to time review agreements desiguating the allocation of units did, subject to agreement with the housing sponsor may mereate the number of unts to be made dyalable to very low neome houspholds if ronsistent with mantenance of the financtal integrity of the housny development and continuance of permitted earnugs distributions, or may establish mminum rents or mmmum inconues for occupanc: of units beeoming vacint and not otherwise allocated to verv low income houscholds if necessary to the findeneal integrity of the housing development and continuance of permitted earmings distributions

41499 Nothing m this purt shall require the ageney to alloente more than 25 perwent of the unts in any surgle housing development to very low meome households, except housing designed for ourupancy by elderly or hamdicapped households or housing developmenth of 12 units or less, with respect to whach thr borad finds it necessary for the purposes of this division that such proportion be exceeded
41500. Not less than 30 pereant nor more than 40 percent of the units financed by the agancy dumg each ficed your for very low income households shall be designed specifically for ocenpaner by elderly or handicapped persons.
41501. The agency whall ascist housmor sponsor, in obtaining subsidies In selecting housing developments to be given dssistamee under this part, the dgency slall gove prionty to those which are able to obtain subsidies but cannot obtain altemative findmems on order to utilize such subsides The ageney shall make every effort to obtain subsidy funds and nothnig in this part shall preckude the agency from meeting the eligibility requirements for obtammg federd housing subsidy allocutions

41502 To implement the purposes of this division, the agreney shall develop or require housing sponsors to develop, pursuant to regulations of the ageney, resident selection plans for housing developments, which shall provide that preference be given to households displaced by a housing development, puble actmon, of natural disaster Such plans shall inelude eriteva for readent selection, wheh shall extablish income limits for residents, and may include a counselmg program designed to promote the fingncial success of the housing development or the heulth, safety, and welfare of resulents of the lousing development. The agency may make participation m sueh a coumsclang progran a condition ior precondition of ocoupancy of a housmg development

## Artide 7 State and Jocal C'ooperation

41510. The agency may, in connection woth a housmg development, arrange or contract with a local puble entsty (1) for the plonning, replaming, opening, gradmas, or elosing of strects roads, roadways, alleys or other places, (2) for the fonmong of uthlatas or ans eommunity, numeipal or puble facilites or srveres, (3) for the acqumtion by a local publie entity of property or proberty righta, or (4) for the furnishmg of property or servires Any local publice potity may, upon finding that a puble purpose su served thereby ame notwithatandjigg any other provision of law. enter moto such contenctual dgrements with the agency and to do all thage necessary to carry out it oblegttions

41511 Nothithatanding any other provison of lat, the Department of General Services, any other state agency on afficer muthorized by law to convey real propertr of the state, and any loceal puble entity may, m his or its descrition, front thme to thme sull lease for a term not racerdmg ins yearb, arant, or conver to the duency or to a housing sponsor dislinated by the agoncy any real property and appurtemanes thereto or any mererest theren owned by the stato or
 purposes. Such cerfifiedion of need shatl be evidenced by a formal
request from the president of the agency Any such sile. lease, grant, or conveyance shall be made with or without monsideration and upon such terms and condations as may be maturlly areared upon by the state of local public entity and the amency However, betore ans such sale, lease, grint, or conveyance is made at leas than far market value, the agency shall make a findug that the drficence between the consideration required and tatr market value will mure prmarily to the benefit of persons and fumbes of low or moderate ineome

41512 (a) Upon application to the depatiment, miny elty, connty, city and county, or combmation thereof acting jomitly shall be eestified as a local housing dgent by the department of the department detelmines that the appleant meets the eriteria sperofied in ulublumion (b) If a local housing agent consists of more than vie eitv comity, or city and county, each such entuty shall mdividurlly mept the criteria of subdivision (b) All applications of prospective housing anomours for loans or graists duthorized by this pirt shall be reviewed be the local housing agent, if any, for the area in wheh the housing decelopment to be financed is pioposed to be located The local housing agent shall approve an application, unless it expressly finds that the applanion does not meet one or more of the following criterid
(1) The proposed housurg development contorms with a housmg elcment that meets the requirements of subdivision (b)
(2) The proposed bousing development is consistent with the provision of a full range of housmg opportuntien withen the jurichiction of the local housing agent.
(3) The proposed housing derelopment would be in compliance with applicable federal, state, and local taws respectmg economie and nondisermmantory mix in housing

An applieation shail be deemed approved if the local housing nument fanls to approve or reject it withon 40 days following the date of submission.
(b) A local honsing agent shall meet all of the following criterin.
(1) The local housing dgent shall have adopted a hounmig element, as required by cubdivision (c) of Section 65:302 of the Government Code, and an affirmative housing plan, if regured by Section 6.500s of the Government Code The housing element shatl not confluct with any housmg assistance plam submitted to the federal government an part of an application to obtaín funds for communty development on hourung
(2) The housmg element of the beal agency shall whenever pousble provide for an economic and raend mux mew and pehabilitated housing throughout its jursediction
(3) The toeal housing digent shall develop or specify a procedure, wheh shall be adentafied mits applieation to the ameney. to expedte the processug of zoming changes, use permits, buildung permits, anvirommentall clearimee, and any other type of permit, approwal, or etearance wheh may be requred by the city, county, or atty and county or by any other local puble entity or govemmental agency proo to construction or rehabilation of a housing development.
(o) No housing development shall be assisted by a luan authonzed by this part, unless the honsing development has recemed the approval of the local honsing agent This mbdivision wat not be appluable to housing developments pooposed for areas in which theie is no loral housing agent
(d) A local housing agent may delegate the function speasfied m this section to any local public entity, with the approval ut the agency
(e) At any time a lowal hombeng agent eeases to meet the critena specified in subdivison (b), the department may decentify the local housng agent Certufication of the local housmog agent shall be reviewed annually by the department Recettification shall not be granted if the department finds that, durng the precedurg year, the lowal housing agent has uneasonably demed appoval of applewations or has ceased to perfomm its function under subdivinon (a)

41513 To faclitate coordmated planning on an mergovermmental basis, the agency shall provide an opportunty for review and ermment to councils of govermments certified by the Unted States Department of Housing and Urban Development for the purpose of comprehensiva areawide planning, concerning proposed honsing developments of mote then 25 units within the respective jurisicictious of such organizations If such a council of govemments, withm 40 days after revelving notafication of a proposed bousing development of oier 25 unts withn ats juisdiction, notifies the agency that it damplores of surch housmg development, the agency shall. pirer to recondation of a loan to finance the housung development, promde to the connel of governments a written explanation of the board's reasons for proceeding despite such disapproval.

## Chapter 6 Neighborhood Prisfervation

41550 In accordance woth the provisions of this chapter, the agency may provide assistance for chabllitation, refinancong, and finaneing of housing developments

41551 Upon applecition by a local public entity, the arency may , designate an an eu within a enty or connty as a partuepatuig concenta ated rehabilitation area if it makes the followng findings
(a) The area was sele.ted by the governing hody of the enty or county after cituzen participation
(b) There are a signfirant number of older and deterioratug structures in such area requing rehabilitation
(c) Relabilitation assistance 1 , necessary to enable and encourage residents in such area to coopcrate in a local progiam of concentrated code enforcement
(d) Rehabilitation of str uctures will arrest deterioration in the area
(e) Rehabulitation of structures in the area is economis ally feassble
(f) The local puble entuty has offered to wotsart with the agency to (1) provide neecssary supportng neighborhood public improvements and serveses, such as street mprovernents, lands apmy and auquisition of open space, undergounding of utilty hines, and constluction of drainage faculties in the area for whith eligrbility has been requested, and (2) provide concentiated and contming paforcement of state and local housmp and bulding standands in such atea
(g) The local public entity has made every effort to prevent unnecessary displacement in accomphshning reliabintation and hids an adequate program of relocation advisory assistance for persons unal widably displaced due to rehabilitation
(h) The supply of housmg avalable to very low meome houspholds at affordable rents and the supply of housug aralable to persons and families of moderate income at affordable rents will not be reduced within the area because those durplaced will recenve relocation pas ments and be able to obtain standard housing in the area Alternatuoly, standard housme will be available at affordable rents mequally desirable neighborhoods, expandmg the range of housing opportmities for mmority and lowr-meome persons
(1) The local publie cutity hals adopted a housing mement in comphance with Section 65302 of the Gorermment Corle and adopted housing element gundelmes wheb set forth an effective plon for sy tematu enforcement of state and local buildag and housing standards thoughout its jurisdiction
(J) The appleation is consistent with local hounge assutame plans adopted pursuant to the Housing and Communty Development Act of 1974 (Publac Law 98-383)

For 150 days following the effertive date of thas dusm, the ageney may provide fimanemg under the pevicions of this chatpter fos honsmin developments withm a proponed concentrated rehabilitation ares, without making the findings otherwise requied $b_{\text {, thest }}$ thection if prompt activis is nes essary to obtan federal husing subsidies

41552 Tpost approval of a partuppatmg concentrated mhabilitntow area, the agency may enther
(a) Enter into an agreement with the local puble entity for purchase by the agency of bonds and note laned puranant to Chapter 3 (commencing with Section 3'930) of Pat 13 of Dumben $2+$, or
(b) Enter into an regement with the local moblu entuts tor a por-
 or both, to be admumstered by the hocrl publie antits, or
(c) Enten moto an arreement with the loed publn entat, for a pro-
 or both, to be adumustered by the agency
41553 Rehubbitatum aswitame for singlt-mant housing deviopments in partweipating emmentrated ehabilitation areas viall melule any or all of the following prostam
(a) A program providng mortgane loms to foname the purchase of rehabilitated honsmg developments tor owner or upanes
(b) A progiam providug ronstuction hams for celdalatatum of housing developments to be wold for own's orempury
(c) A prodram providug rehahtitatom loan for rohd bultation of single-umt owner-ow upled honemg developments with miterent rates based on mome The laghent merest rate shall be maket meterect
(d) A program providug constime tion loals and mortange hams
 purpose of rehabibtatug and efinameng sich housing developments.
where the cost of rehabilitation without refinancing exceeds the financal capability of the owner The terms and minerent rates of such loans shall be commensurate with ability to pay, as established by reculations of the agency
(e) A progyam of market interest rehablitation loans provided through an agreement with a qualified mortgare 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, rehabilltation assistance may be provided in participating concentrated rehablitation areas through construction loans, rehabilitation loans, and mortgage loans for the rehabilitation, acquistion and rehabilitation, or refinaneing and rehabilitation of rental and cooperative honsing developments With respect to rehabilitation loans made to finance rental housmg developments of more than one but less than five units on which the owner of the housang 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 honsing as set forth in sabdivision (h) of Section 4155] Honsing sponsors receaving mortgape loans pursuant to this section shall be subject to supervision and regulation pursuant to Artiele 5 (commencing with Section 41480) of Chapter 5 of this part. With respect to relabilitation loans, the agency shall requare that borrowers contract during the term of the loan not to raise rentals over an amount wheh the agency by regulation establishes will yield a farr rate of retum and will allow for increases reasonably necessary to provide and contmue proper maintenance of the property Market interest rehabilitation loans may be made for ressdential structures other than housing developments, if financing at market interest is not otherwise dviliable Market interest rehnbilitation loans may be provided through an agreement with a gualfied mortgage lender, under which the mortgage lender supplies 75 perrent of the funds for each rehabilutation loan

41555 Relocation payments shall be made to persons displaced because of inability to afford costs of comphance, temporary displacemput for rehabilitation work assisted under this part, or rent increases resulting from rehabilitation, with eligbinty and amonnt of assustance to be determmed pursuant to the Thiform Relowation and Real Property Acquisition Policies Act of 1970 ( 10 TS S. Ser 4601) or Chapter 16 (commencing with Section 7260 ) of Dinision 7 of Title 1 of the Govermment Code

41556 Upon appliention br a local puble entity the ageney may designate a partucipating mortgage funds dssistance arm, after soluening maximum feasible participation by local apenctes and commumtr orgamzations, if it makes the followng findmgs
(a) Market interest mortgage financing is generally unavalable m 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. Alternatsvely, the area has deteriorated significantly but is anticipated to be assisted, withon 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 promary 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) Mortgare assistance in the area is economedly feasible
(f) The area was selected alter citizen partuenation
(g) Agency activity in the area will mure pimarily to the benefit of persons and families of low and moderate meome
41557. In a partucipatmg mortoage furds asustance area, the agency may provide mortgnge loans at market interest to purchasers of restdental structures under an agreement with the local publice entity for administration by the aqency or for admunstration of the loan program by the local public entity

41558 Upon applecation by a local public entity the agener mas agrec to allocate funds for mortgage loons for rehabilitation of housmg developments 4.8 required in a citywide or count! wide program of enforement of state and local building and housing standards Such assistance may be ndmmistered by the local pubicentity or the ageney

## Chapter 7 Revenve Bonds

41700 The ageney may from time to the issue its negotiable bonds in such pronemal amount as the agency, with the approval of the Housing Bond Credit Committee, shall determine to be neereshary to provide suffiejent funds for finanemg housing developments and for the pryment of interest on bonds of the agency, establisiment of reserves to secure such bonds, and other expendituren of the agenev medent to, and neeessary or convement to, wsuance of such bonds
Issuance of the bonds of the ageney shall be coordinated by the State Treasurer To obtain a date for the isumen of bonds, the agency shall inform the State Treasurer of the amonnt of the proposed ssue Upon such notifieation, the State Treasurer shall provide three 10 -ds periods, withm the 90 davs next followng, when the bonds could be issued, subject to approval of the Howning Bond Credit Commottep The ageney may cloose anv date during the suggested periods or any other date to which the agency and the State Treasurer have mutuallv agreed The State Treasurer shall sell the bonds on the date choven according to terms approved by the dgency.

The aggregate principal amount of nonguaranteed bonds whwh may be issued pursaant to this part shall not exceed three hundred milion dollars ( $\$ 300,000,000$ ), exclusive of indebtedness meurred to refund or renew previously jssued bonds of the ágency to the extent of the outstanding procipul undebtedness ot such prevoushe ssuted bonds, meluding the payment of any redemption premum thereon and day minterest
accrued or to acerue to the date of redemption of such bond Guman- teed taxable bonds to be issued by the ageney may be authorized in an amount not exceeding one-hdif of the authomzation for nongudranterd bouds
Notwithstanding any other provisions of this part, onl the followmg types of housing dovelopments may be eligible for moitgage lorm mude with the procerds of bonds.
(a) Housing developments financed with taxable bonds of the digency graranterd under Section 802 of Title VIII of the Federal Housung and Communty Development Act of $197 t$
(b) Housing developments findnced with bourk of the apency that are guaranteed, or the timely pryment of primeipal and miterest of whech is unsured, by an ageney of the state or by a privite mourme entrty authorized to engage 10 such business
(e) Housing developments, the mortgene loans on which are expected to be msured under a program utilizng 'federd comsurance is nuthor: sed under Section $24 \pm$ of Title III of the Federal IIousung and Communty Development Act of 1974 (P L $93-38: 3$ )
(d) Housung developments, the mortmage louns on which are expected to be instured by an agemy of the state, a pohtieal subdhustin of the state, or by a private msuring entity authonzed to engage in such business.
(e) Housing developments, the mortgage foans on wheh are expecterl to be jusured by the Federal Housmg Admunstration or guaranteed by the United States Veterans Administration
(f) Housing developments financed by a loan made by the agency to a qualifed mortgage lender, if both of the followng conditions are met.
(1) The loan to the qualified mortgage lender is a general obligation of the mortgage lender, and
(2) The qualified mortgage Iender is a member of or a mobstdiam of a member of, the Federal Deposit lusurance Corpuration or of the Federal Savings and Loan Insurance ('orporation
(g) Housing developments financed by tav-exempt bunds for wheh a bond reserve fuad is created that equals at ledst the arerige ammul debt service on the bonds issued

41701 The agency mav, from tme to time, wssue (1) notes to renew notes and (2) other bond obligations to pry noter, meludurg the miterest thereon and, whenever it deems refundng expedient, to refiund ans bonds by the issuance of new bonds, whether the bonds to be refunded have or have not matured, dind to issue bouds partly to retund bonds then outstandong and partly for any of its purposes

41702 Except as mar otherwise be exprestly proveded bi resolution of the agener: every issue of its bonds slatl be geveral obligations of the agency payable out of any assets, revenues, or moners of the ngency, sebject only to an ugreements with the holdine of particular bonds pledging any patucular assets, revenues or moneys

41703 The bonds shall be anthurzed by remolution in iesolutions of the ageney, shall bear such dite or dates. and shall mature at such time or times as such resolution or resolutions mas pronde, 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 anmual unstallments or as term bonds, or as a comblnation thereof, and, notwathstanding ans other provision of law, the amount of promend of or mterest on, bonds maturng at each date of maturity need not be equal The bouds shall bear meterest at such rate or rates, be m such denominations, be in such form, either coupon or registered, cary such reanitration privileges, be executed in such manner, be payable in such medium of payment at sueh place or places withm or without the state, and be subject to such terms of redemption as such resolution or resolutions may provide. The bonds of the ageney shall be sold by the State Tredsurer at or below such puce level or levels an the agenc? shall determme prior to the date or dates of any sale or sales

41704 Any resolation or resolutions authorizing any bonds or issue therefor may contam provisions, which shall be a pait of the "ontract or contracts with the holders thereof, as to
(a) Pledging all or any part of the revenues of the agenca to secure the payment of the bonds or any issue thereof, subject to surh agrec. ments with bondholders as may then exist
(b) Pledging all or any part of the assets of the agenos, meluding mortgages and obligations necurng 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
(e) The use and disposition of the gross income from motgages owned by the agency and parnent of prucipal of mortgayes owned by the agency
(d) The setting aside of reserves or sumking funds and the regulation and disposition thereof
(e) Limitations on the purposes to wheth the proceed of a sale of bonds may be npphed and pledging sueh proceeds to secure the payment of the bonds or of any issue thereaf
(f) Lamitations on the issuance of alditional bonds, the terms upon whel additional notes or bonds mas be issued and secured, and the refinding of outstandmg bonds
(g) The procedure, if any, be wheh the tems of any contract with bondholders may be amended or abougated the amount of bonds the holders of which must coment thereto, and the mamer m wheh werh consent may be miven
(h) Lumitations on the amount of momess to be expended by the agency for operating expmases of the ayemy $y$
(1) Vestmg m a truster of trusters widh property, inghts, powers, and dutise in trust as the dene mos determme, wheh may melude
 by the bondholdem purvant to thas part and hanting or abrogating the right of the bondholders to appont at untee on limituge the rights, powers, and duthes of such truntee
(J) Defimmg the act, ol ammons to art whath shall constatute a defanlt in the obligations and dutien of the agenes to the holders of the bonds and pooving for the rights and remedme of the holders of the bonds in the exent of such detault meladmg an a matter of rught the appontment of a recerves However, such rughth dud iemednes hall not be meonsistent with the general lans of the state and the other provisions of this division
( $k$ ) Any other matters, of like or different chatracter, wheh mun Why dffect the serurty, potection or mexsment ietma of the hollers of the brinds
 assue thereof shall speenf the proportion of revenuen of the ryency which may be used to pry the admuntatioe aects of the deency

41705 Auy pledier made by the corporation alall be valde and hundmg fiom the tome when the pledge as made The menues mones on property so pideded and theredfer tecensen bs the rermey shath immeduately be suljuct to the lien ot sued phedpe without any phomell delvery thereof or furthey act, wat the low of any wh pledger shall be
 tort, contract, or otherwise deamst the aemas, inempertive of whether such parties have notue thereat Neithe the asolution not any other instrument hy wheh a pledgen is ereated nead be recorded

41706 The member, of the bodad, the premalent of the sigeney, or any other person executing suth motes or bond shall not be sulyect to any persond habilaty or arrountability by reism of the insuance thereof

41707 There is hereby created a Ilouming Binad ('redit C'ommitter composed of the State Controller the State Treasurer, thic Durenter of Finance the prehident and an executive servetats The puecutive serpetary shall be apponted by the ather fout members of the rommattee
 shall setve domag the ploasure of the "ommuttere The axe uthe
 shall ad the rommattere in the perfermane of ats duters under this chapter, is directed by the cemmitter, and shall peetom the functome specfied m Section 41311 ; The momber of the eommetere other than the executive secretary shall werns on the ronmottse without rompronsation A majoity shall be mopomed to act for subh wommeter Prom
 a statemelit of the purpore fon which bunds are propored to be mand and the amount of the propored mande The ermmitter shall detemme

 undue risk, it may disapprowe the popowed watnere or a whe the amount of the propored issutace

41708 The State Treasumet shall ate an trustere for the nemey and the holders of its bonds Any resolutum althortang an bonds ois 心sue
 to the issuanee, mothentredion wale and demery ot the leonds. the payment of proncipal and moneret theroof, amid the redemption of the bonds

The anency may provide by an mdentue tor the depment at aldenues receised from a project in a sephate decount mo the caldonata Honsmg Fuance Fund under the control of the Sitate Treanuret ab trustee The money in sueh fund shall be disbuised only as provided in the mdenture.

The board may authorize the State Treasumer to art as trustee on behalf of the holders of its bonds, or any stated percentape thereof for the purpose of exercisug and prosecuting on behalf of the holders of the bonds such rights and remedies as may be avalable to such holders However, nothing $m$ this section shall pieclude the appoutment of a trustee, other than the State Treasurer, to represent and enforce rights of holders of bonds of the corporation 1f, and in the manner and under conditions, poovided in the resolation authorizing the bonds
41709 The State Treasurer or other trustee arting on behalf of bondholders shall have and possess all the powen neressaty or convenrent for the exercise of any functions speoffically vet forth $m$ thr pa + or incident to the general representation of bondholders un the entorcement and protection of their rights The Superior Court of Sacramento County shall have jurisdiction of, and saeramente ('ounty shall be the appropriate venue for any suit. action, or proceedngs b) the trustee on behalf of bandholders

41710 Whether or not the bonds ane of surh form and chamater as to be negotuable instruments under, or subject to, the term of the Cah fornia Unform Commercial Code, the bouds and any security unstuments underlying the bonds are hereby made negotiable mastuments within the meanng of, and for all the purposer of, surh rode, subjert only to the provisions of the bonds for reqistiation

41711 In the event any of the brard members or officens of the ageney whose signatures appeai on any bond on "oupons shall cease to be such board members of offirets before the deluery of surth bonts, such signatures shall, nevertheless, be valid and suffirent fon all puposes, the same as if such board members or offuers had remaned in office untal such delivery

41712 Proceeds denved from the issuance of bonds on secuities and any interpest or othel merement derived from the urestment thereof may be used for any of the purposes of the agency, meluding, but not limuted to sreation of eserses iepayment of the loan from the state made pursuant to the act enartung this divison, operating costs, other expenses, and subsidy progiam,

41713 The agchey, in its disiletion and pumant to arreements with bondholder, may create and establish one or more speral arcomits in the Calforma Housing Fmance Fund, wheh shall be known as "bond reserve funds," and shall pay monera such bond reseive fund (1) any moneys appropriated and made avalable by the Lepislature for the purpose of such fund (2) any proneed of sale of bonds to the extent provided in the resolution or lesolutions of the agency authorizing the issuance thereof, and (3) suy other moneys whech the aomery may make avalable for the nurpose of such bond reaserve fund fom any other source or sources All moneys held in any bond resenve fund, except as otherwise provided $m$ this pait, whil be used, an equated, solely for the payment of the primepal of bouds wecured in whole ar in part by such fund, for the sunking fund payments authorized by this part with respect to such bonds, for the purchase on tedemption of such bonds, for the paynent of interest on such bonds, or for the payment of any redemption premum requied to be pand when such bonds are
redeemed prior to maturity However, moneys in a bond reserve fund

* shall not be withdrawn theiefrom at any tme in such amount as would reduce the amount of the bond resense fund to less than the bond reserve requirement established for sul hi fund, as providedi in Sertion 41714, except for the purpose of making, with pespert to bonds seured in whole or in part by such fund, navnent when due of pumerpal, interest, redemption premuma, and the amkno fond payments, an provided in this part, for the payment of whil other moneys of the agency are not avalable Any mome an merent equed by, ot mcreniental to, any bond rescrie fund duc to the muertment themeof may be transferred by the apeurey to other fimik of accounts of the agency to the extent it dops not reduce thr amount of the bond renemse fund below the bond minimm bond reserse fmad requrement for such fund

In computing the amonat of bond ieserse fund for the purpose of thes section, semmities mhen all or a porimon of surh fundo are mvested shall be valued at pas if purahised it pers, amd whall be valued
 if purchased at other tham par
 whole or in prart by i bond reserve fund. if upon the wannce of weh bonds, the amoutal in 'any surh bond revelve fund will be lese than the minmmom bond reserve fand requarement for vilh fumi. unleas the agency at the tame of wsumere of such bonds, shatl deposit m such fund from the promeds of the bonds to he wsind or from other sulle dea,
 not be lean than tha boud reserwe fund requmement for surh fund For the projoses of thas chaptar the tem "bond aneme fund ras
 amount of momey, as provided mothe resolutam on rebolatom of the
 fund is ereated that in motblaned m a smave for "urnant on future oblagetions to the bondlobeters

41715 To assure the rontumed operatom and sumaner of the


 ment for such fund In onder to furthe atsore thar mantelindier of specofied bond reseme funds, the dermis mav aree with hoblem of notes or bonds secured by spen fic bund reseme fund that there a hanpersous and president of the ageney , atall anmally, on or brfora November 10, make and delnet to the foremor then reatind ate watma



 capital reserve fund to the bontl preseme fund wauncoment for wuth fund All sums appropilated by the Lepmatame if anv, allad palal to the ngeney shall be deponited by the agency at the appliectble bond reserve fund

41716 The agency sthall exeate and catablish such other aceounts in the Califorma Housing Finamee Fund ad may be neensary or desirable for the ngeney parpose's

41717 The agenery may provide for the issume of refonding bouds for the purnose of refundmg any bonds then outcondme wheh have bean issued under the provisons of thas chapter meluding the parment of any redemption preman therean and any moment acerued or to accrue to the dite of redemptom of surh bond and for aly purpose of the ageney The issuance of cuch obligations, the maturites and other details thereof, the rights of the holders thereof and the rights duties and obligations of the ageney in respect of the wame shall be governed by the provisums of this chapter wheh relate to the maname of honds, insofar as such provisions may be appropredte therefor

41718 Reflurding bends issned is provided min Seation 41717 mas be sold or exchanged fur ontstanding bond, wated mider this part and if sold, the proceed, thereof indy be appled in addition to any other anthorized purposes, to the purelidse. redemption ar parment of such outstanding bonds Pending the appheation of the proceeds of any sueh refunding bonds, with anv other avaldable moneys (1) to the payment of the primeipal dectuml merect and any redemption premium on the bonds heme refunded (2) to the proment of any interest on such refunding bonks, or (3) to athe exproum infured w connection with surh refundme, wuch pauped may be invested in sueh obligations as ars permited under the bend resolutum anthoremg the issuance of refunding bonds
41719 The state does hereby pledge to and agipe with the hulders of any bonds isvued under this part that the tate will not lome or alter the rights hereby vested on the agene, to fulfill the terms of ame agreements made with the holders thereof on man way inudir the rights and remedies of such holders until unell homds, together with the interest thereon, with interest on any unpa'd matallmenta of mferect, and all costs and expenses memmertion with anv action on proweding by or on behnlf of such hoilers, are fully met and dichanged The agency is authorized to include this pledge and agrement of the tate may agreement with the holders of such notes of bonds

41720 Bonds issued under the prosisinus of thas chapter shall not be deemed to constitute a debt or liability or ohligation of the state or of any political subdivision thereof or a pledge of the fath and credit of the state or of any such politual subdivision but ahall be payable solely from the revenuec or assets of the agener Euth bond issued under this chapter shall rontam on the face therenf a statement to the effect that the agency shall not be obligated to pay the came nor the interest thereon except from the revenues or assets pledoed therefor and that neither the fath and coedt nor the taxing power of the state or of any politieal subdixision therenf is pledged to the payment of the principal of, or the interent on wich hond

41721 The bonds of the ageney shall be legal invectments m wheh all public officers and public bodies of tha state, its political subdive-
 panies and assomations and other persoms carreng on din marance business, all banks, bankers, banking mstatutions, meluding, mings
and loan associations, bulding and loan assocmations, thast compames, savings banks and savings assochatums, urestment compames and other persons carrying on a banking busmess, all admanstrators. gudrinms executors, trustees and other fiducmaries, and all nther persons whatsoever who are now or may hereafter be authorized to morat in bonds or in other obligations of the state, may properly and legalls ment fiunds, including eapital, in their control or belonging to them The luonds may be used by any such private finaneial mistitution percon, or assocation as security for public deposits, subject to the poovisoms of Artiele 2 (commencing with Sectun 16.520 ) of Chapter 4 of Part 2 of Division 4 of Title 2 of the Gosernment Corle No more than 10 percent of the public deposits held bv any private finanime mistitution may be secured by bonds assued purmanit to thin part The bonds are also hereby made securities, wheh may properly and leatlly be depmated with and recesved by all publue officers ant boduch of the state or +1 y agency or political subdivision of the state athl all mumerpalities and publec corporations for any purpose for wheh the deposit of houds or other obligations of the state is now or may herpafter be authorised by law, meluding deposits to secure publie funds

## PART 4. HOUSING FINANCE BOND LAW (IF 197.

41800. This part shall be known and may be cited in the Honising Fonance Bond Lar of 1975
41801. Bonds in the total amount of five linnired milhon dollars ( $\$ 500,000,000$ ), or so thuch thereof is is uenehbily maty be issuad and sold to provide a fund to be used by the Cablotroma IInuming Findmee Agency to finance housing developments, a authorized in tha dintsom for the promary purpose of murensing the avalabinty of housmg witho this state for persons and families of law on moslemite mome, and to be used to remburse the Genemal Oblightion Bond Expmae Revolving Fund pursuant to Section 16724.5 of the Gonermment ('orte Such bonds shall be known and dassgated as the strate honang firatioc bonds and when sold, shall be and comstifute a valid and bumber obligatum of the State of Califormea, and the full fath and wredit of the State of Callfornia are hereby pledged for the pumblal peyment of both promcipal and interest on such bonds an wach prinelpal and inteant beemen due and payahle

The state shall not have ontstanding at any one time peneral noblgation bonds specified in this part in an ageregate promerpal amomet exceeding five hundred millon dollara ( $4: 500,000,000$ ), explodurg bonds ussued to refund outstanding honds

41802 The Housmg Bond Credit Commuttice ripated by Section 41707, upon the request of the board statug the purpospa for whirh bonds are proposed to be issafed and the amonnt of the proposed asouance, shall determine whether or not a hond wsine mander thin part is necessary or desurable to aremplish surh purpora The commitiee shall have the authority and wall perform the fumetoms serefied m the State Gencral Oblination Bond Lay (hapter + fom elling with Section 16720) of Part 3, Diviston t. Title 2 of the Govermment Code
41803. There shall be collerted cach yedr and whe tame manner and at the same tume ds other state revenue is rollecteml surh sum m
addition to the ordinary revenues of the state as shall be reguired to pay the principal and interest on the honds 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 eath and every act which shall be necessary to collect auch additonal sum

41804 There is hereby appropriated from the General Fund in the State Treasury for the purposes of this part, such ant amount as will equal the following
(a) Such sum annually as will be necpssary to pay the principal and moterest on bonds issmed and sold pursuant to the provisions of this part as such principal and interest become due and parable
(b) Such sum as is necessary to carry out the provismons of Section 41805 which sum is appropriated without regard to fiscal year

41805 For the purposes of eamyme out the provisoms of this part, the Dreetor of Fmance may by executive order nuthorion the withdrawal from the General Fund of an anount on amomen not to execed the amount of the unsold bonds whel have been authorized to be sold for the purposes specafied m Section 41801 Any dmomen withdrawn shall be deposited in the California Honsmg Fmance Frud, and any moneys made avalable in such a manner shall be retumed to the Gelleral Fund from moneys received from the sale of bonds sold for suth purposes
41806. The proceeds of bonds issued and sold pursuant to this part shall be deposited in the Calofornia Honsing Fmane Fund and mav be expended only for the purposer specified $m$ thas divisum

41807 On the several dates on whel funds are remited mirnmit to Section 16676 of the Government Code for the payment of the then maturing prinepal and unterest on the bund m each fised vear there shall be returned moto the General Fond m the State Ta ensurs moneys from the Califorma Housmg Fmane Find in an amment wheh is sufficment for the paympnt of primenal and interect ma the bond then due and payable, if, and to the extent that the tranfore of such moners from the Califorma Honsugg Fmane Fmad will not muremonabla impar the working capital of the Cahtorna Iowning Fmance Agemes In the event money tramferred from the Califorma Hombur Finame Fund to the General Fund on such remitame doten are less that the principal and merest then due and pavable with respert to the bonls then the balance remammg mpand, together with interest thereon at the rate bome by such bouds compomided semammally from the date of matursty, shall be refurned uto the Geleval Fund curt of the C'aliformia Honsing Fmance Fund is, soon thereafter an it whall beenme avalable, without nureasonable munarment of the workme calpital of the agrency

41808 The bonds anthorized be thas part slad be prepared executed, assued, sold pand and redepmed as pooviled m the State Gemeral Obligation Bond Lan, Chapter 4 (rommencurg with) Sertion 16i20) of Part 3, Divisom 4. Title ? of the Govemment Conde and all of the provisions of that lan are applarable to the bond and to thin part. and are hereby meorporated in this part as though set toth in fill hercin

41809 As mased in this part and tom purprame of the Sterte Gereial Obligaton Bond Lan, Chaper + (commemeng with sefion 16790 ) of
 shall have the follow my medmog
(a) "Bond" means a state gencral obligation bond waned musuant to thus part and known as a sate housme fuatere boud
(b) "Boarl" means the Boad of Disetoms of the fahtorme Honsing Finance Agenct
(c) "Committee" means the Iousing Bonil Ciedit (ommattee ereated by Section 41707
(d) "Find" mens the Caldionna Houning Fimance Fund

SEC 3 Serthon 8 of Chapted lwey of the Stataten of 1905 m 1 epealed
















SEC 4 It is the ment of the Lepmatmo that Secton 3 of thm act shall have the effect of makug the tianster of the l)wnon ol llousmog and of other functions to the Dipartmant of Iouning and Community Development by C'haptor 1202 of the Statuton of 196.5 permoment and that the status, position. amt rights of permous sermeng in the state civil service and employed by the C'ommsomon of Jlounme and Community Development or the Depantment of Flownig and Communty Development shall contmue to be rataned by thern pusuant the the
 Division 5 of Title 2 of the Govermment C'ode)

SEC' 5 A sperial election is hereby called 10 be held thoushont the state on the eighth day of Jme, 1976 The uper ial election shall be consolidated with the durest pumav plertom to be held on that dite The consolidated elertion shallf be held amel romilueded in all reaperth ds If there were omis one election and only one form of ballot bladl he used Except as other wise provided in thes act all of tha pombons of Jaw relatang to the snbmessom of medsumes proposed by the Legwatue shall apply to the mpasure submetmed pursuant to thim aet a ballot pamphlet shall be prepared. compled and distablated telatitg to the
 With Section 41800) of Division 31 of the Itealth hut Sale's l'ode, ds proposed by the ant The Seinetain of Slate slall distilbute the pallot
pamphlets to the county clerks not latel thatit ther belote the elpe tion, and the county eleiks shall rommence to mall suh pimplifets to the voters not less than 15 days betore the elections The datimburn of ballot pamphlets in all respects shall be comelneted In decondine with the provisions of Section 3.53 of the Ele tum Coble

SEC 6 At the speral election called by thin ant there whall bo submotted to the electors Part 4 (ommem ms wath So. 1 (om $+1 \times 00$ ) of Division 31 of the ELealth und Snfet. Cinde, as promoned in the act
 menemg with Sertion 4180n) of Dusmin 31 of the Ilealth and Safety Code, as proposed by this att and the holding of, the hour al enertion called by this act

SEC 7 Ipon the effertise date of thas section, atamment fon dar aganst the masure hereby ordered submatterl to the alcetom whell bre prepared in time form dild mammer ath provided in Althdi $f$ f frommeneng with Secton 3527 ) of Chapter I of Divison $t$ of the Eleations Code.

SEC 8 The special election providet for wh this at wall bereelaimed, held, conducted, the brillots shall be mrepaled manked, collected, counted and calivobsed and the results whall be ،acortamed and the returns thereof made in all respects marcorlare with the portsoons of the Constitution dppheable therete and the lan govennuge primary elections mofar as poovisons thereof are diphtable to the election provided for m this act; poonded, hownser that the (ioven nom need not issue his election prodamation until 30 dave bafome the election.

SEC 9 Notwothstanding any other piovmon of law, all ballots, at sard election shall have pronted thereon and un a hethete thereof this words "For the Housmig Funamee Bond Law of 1975 " athe m tha same square under said words the follownge m (יqght-pont tipe $\cdots$ This act provides for a bond rsine of fine mundied mallion dollats ( $\$ 500,000,000$ ) to provede funds for fuatmeng bumame " In the whare immedrately below the square contammg such worls thros wall br printed on said ballot the words. "Agdmat the ILomme Finamer Bome Law of 1975," and in the same squthte mmedidely brlow witel words In eight-pomt type shall be printed "This at prontes tot a hond
 for finanemg lonsing "Oppoate the wonds For the Lloumne Finamee
 1975, ' there shall be left spaces in which the roter, mos phate a tand in the maner required bo law to macate whathes they vote for or
 cross opposite the words, "For the Hamoner Fmatace Fonml latw of 1975," and those votmg diganst the act shatl do wo by plang e woys
 provided, that whete the votimir of subli clectun w dome bs muats of voting machmes used pumbant to law in sul mammer in to eams out the mitent of thas sectum, such use of subh wome mathome and the expression of the sotems ehome by meams thereot shall be deremed to comply with the provisions of this section The Goverion of thas atate shall inelude the submission of this act to the prople, ato atoresade, in his proclamation for such election. -

SEC 10 The votes cat for or apanat the Homany Finance Bond
 the same manner and subject to the salme pulm is when "rat for state


 rrepeatable untle the promepol and moterot of the habihue herem ereated shall be pard and diselingered, but if a monjonty of the voten east as dforesad ure agamst this act then the sume bleall be and berone void

SEC 11 Upon the eftectme date of thas seetion the Secretary of
 the measure un areorlane with Sertion 88003 of the Government Code
 time sperifich ma the Ele tioms l'ode
 (000) is hareby apponprated from the Genezal Find for thanter to



 mg Femance Find Sueh moneyn wall comatoter, and be ateromited for. as advanees to the "grome and a bke amomo wall be repmid to the General Fund in the Stete Treanary, without moterest, not later than January 1, 1486 , from all aralabla operatme wesmum of the Callo
 paynuent of bomb or ather oblgation of the "ariney or for its carrent operatmg expenses "

## Amendment 3

On page (b. strike out lmes 2 to 20 milunve, and ntrike out papes 7 to 111, melusive

Bill ordered reprinted, and to be reereferest to the Committee on Ways and Means

## CONSIDERATION OF DAILY FILE SECOND READING OF ASSEMBLY BILLS

Assembly Bill No. 8-An alt to add Chipter 7 (eommenemg with Section 371.50) to P'art \& of Division 24 of the Mealth and Safety Code, relatug to housing

Bill read second tume
Consideration of Committee Amendments
The foilowny amendments, proposed by the committer on Ifousing and Communt $\dot{y}$ Development, were rodi, and ddopted

## Amendment 1

On page 2, line 23, of the pruted bill, after "35", msert "corlendar"

## Amendment 2

On parge $\mathbf{2}$, lue $\mathbf{2} \mathbf{t}$, trike out "mutal"

## Amendment 3

On page 3, lise 2, after "'writug'. insert "m ، formad dppooved by the Department of Houning and ('ommunts Denelopminnt

## Amendment 4

 scrabed by thas section thall not be requared if the defanalt has bern
 such notice."

Bill ordered reprinted, and to be re-refored to the commontee on Ways and Menns.

ADJOURNMENT
At 415 pm , Sperlker Mac'ritly deelared the Asembly mourned until 9 a.m, Mondrly, May 19, 1975

LEO T. MeCARTHY. Sporker
ANABEL FLEURY, Mmute ('lenk

## CALIFORNIA LEGISLATURE

## 1975－76 FIRST EXTRAORDINARY SESSION

## ASSEMBLY DAILY JOURNAL

## FORTY－NINTH LEGISLATIVE DAY NINETY－SECOND CALENDAR DAY

## IN ABSEMBLY

Assembly Chember，Sarramento Monday，May 191975

The Asspmbly met at 11 in am Hon Leo T MeCurtly，Speaker of the Assmbly，presiding Chaef Clerk James J Dresoll at the Desk
Assistant Cleik Ray Mondey reading
ROLL CALL
The roll was called，and the followimg answered to there numes－ 76

| Alatorre | Cline | Kreme | Prama |
| :---: | :---: | :---: | :---: |
| Antonovich | Collipe | Kwnol | 1＇יmon |
| Arnett | Cumen | Latisater | İzolo |
| Bailham | Cullen | Lanterman | IRA］ph |
| Bane | 1ヵハハ |  | Rolnison |
| Banmat | Uedileh | lurher | Romanthal |
| Berman | Mハハ！ | M．ic l honald | Nuxplet |
| Brcel／ | I buff | Matels | Suplots |
| Rontwright | Ebeland | Mr．Unctul | Smat |
| Buggs | Fenton | 3 Lammm | Thomas Vmeent |
| Bronn | Fonth | Mc．Ville | ＇Mhanas．Willam |
| Huke | Giammenda | Mrude | Thurima |
| Calus | （tozetill | alilier | Taseoncellos |
| Camphell | Gierma | Mubler | Vichuein |
| Carpenter | Gimbleo | Nenitona | Wriren |
| Chicon | Hnit | Norr | Wilson |
| Chappue | Hasden | Muņhs | Woraum |
| Chel | Ingalla | Nentande | Z＇berg |
| Chimbole | Kopuldf | Nımme | Mi Speaker |

Quorum present．

## PRAYER

The following prayer was offered by the Chaphan．Fither Imen Me－

## Allister

Father，For this new day with its promise and potenthal，we thank You May our part im this day be tull of meannig and hope for others May our eftorts and our words be charaterased by kindiess and give expression to the good will and truth that in withon us May they also be the key whel unlocks the good and truik in others．－AMEN．

## pledge of allegiance to the flag

Upon request of Speaker Mecrathy, Mi Beyryly then led the Assumbly in the pledge of allegialiee to the Flage

## MOTION TO DISPENSE WITH READING OF THE JOURNAL

Further reading of the Journal of the prevous learglative day was dispensed with on motion of Mr Cilloo, meonted by Mr Kapikiff

LEAVES OF ABSENGE FQR THE DAY
The following Member was crimted lemse of absence for the dily, because of illnens

Mr. Tucker, on request of Sperker Mcl'at thy
The followng Members wire wrimted lodven of absence for thr day on perwonal busmess, and desibed to wave their par diem

Mr Knox. on request of Sperker Mec arthy
Mr Torres, on request of Spoake Mcfarthy
REPORTS OF STANDING COMMITTEES
Committae on Housing and Community Development

 reports

Asumbly Bill No 7



C'Hidr'iN ('hamman
Above bill ordered to second l'oeding
RECESS
At 11 52 am, Speaker MeCiartliy deelared the Assembly reressed
REASSEMBLED
At 245 pm , the Assmbly renomenerd
Hon Leo T MeCarthy, Spedker of the Asvembly, preading
ADJOURNMENT
At 246 pm . Speaker Mre dathy derlared the Aswimbly dyourned until 9 am, Tuesclay, May 20, 197

LEO T MeCARTHY, Spesker
ANABEL FLET'Ry, Minute Clerk

## GALIFORNIA LEGISLATURE

## 1975-76 FIRSI EXTRAORDINARY SESSION

## ASSEMBLY DAlLY JOURNAL

## FIFTIETH LEGISLATIVE DAY <br> NINETY-THIRD CALENDAR DAY

## IN ASSEMBLY

Assembly Chamber, Sarramento Tuesday, May ${ }^{20}, 1975$
The Assembly met at 1031 a m
Hon Louis J Papan, Speaker pro T'empore of the Assembly, piesirlmg.

Chief Clerk James D Driscoll at the Desk Assistant Clerk Rey Monday reading

## ROLL CALL

The roll was called, and the followny answered to them names- $\mathbf{i} 2$

| Alatorre | Chimbole | Ingrils | Nimmo |
| :---: | :---: | :---: | :---: |
| Antonovich | Chue | Kapuloff | Papan |
| Arnett | Collier | Kes | l'rimo |
| Badham | Claten | Jathernate | Promor |
| Bane | Cullen | Intutal minn | R.aljh |
| Bnnnal | Javis | Leus | Rusenthal |
| Berman | Dedrieh | ]achyer | Nipgler |
| Beverly | Erva | Muclonald | Sipiot |
| Bontwright | Dufit | Markh | Sintt |
| Buggs | Figelami | McAlinter | Tham.cs Yincent |
| Brown | Fenton | MeLamban | Thomar. If 1llitm |
| Burke | Folan | MeVittie | Thutm, |
| Calvo | Garamplod | Memate | Yasancellos |
| C'amphell | (toggin | Miller | Vicemein |
| Caipenter | Givent | Mubles | Wrimon |
| Chacon | Gualco | Muntogn | Wranman |
| Chapple | Hast | Mond | 2 breg |
| Chel | Hoxden | Murphas | Mr Siptalher |

Quormm present ${ }^{\prime}$
REGULAR BUSINESS DISPENSED WITH
By unmmous consent, the regulat ordei of busmess of the Assembly was dispensed with for thus 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 wave thear per duem

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 Tempote Papan

NOTE For letter explanning the absence of Mr Warren on this day, see Ascembly Daly Journal for the Regular Session for this day

## COMMUNICATIONS

Assembls Chambet May 19, 19\%
Mr. Speaker Pursuant to bour instructions, the Chef Cleak has evamined
Assembly Bill No 8
And reports the anme correctly engionsed
JAMES D DRISCOII, Chief Clpik
Above bill re-referred to committee

# REPORTS OF STANDING COMMITTEES Committee on Ways and Means 

Assemhly Chamher Mns 20, 1977
Mr. Speaker Your Committee on Ways and Means reprrts
Senate Bill No 2
With the recommendation. Do pass
FORAN. Chatmau
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 Honsmg and Community Development, wele read, and adopted

## Set No. 1

## Amendment 1

On page 2 , line 1 , of the primted bull, strike out " 5 ', and insert "one".

## Amendment 2

On page 2, hne 4, strike out "purchase of'", and insert "loans for the purchase of single-famly'.

Set No. 2

## Amendment 1

On page 2, line 3, of the pinted bill, aftei "program", msert ", except programs authorized by the Veterans Fatm and Home Purchase Act of 1974 (Article 31 (rommencmg with Section 98750 ), Chapter 6. Division 4 of the Mahtary and Veterans Code),"

Bill ordered reprinted, and to be re-ieferred to the Committee on Ways and Means

## RECESS

At 1032 a m, Speaker pro Tempore Papan declared the Assembly recessed

## REASSEMELED

At 314 p m , the Assembly reconvened
Hon Leo T McCarthy, Speaker of the Assembly, presiding

## ADJOURNMENT

At 315 pm , Speaker McCarthy declared the Assembly adjourned until 9 a m , Wednesday, May 21, 1975

LEO T. MeCARTHY, Speaker

## CALIFORNIA LEGISLATURE

## 1975-76 FIRST EXTRAORDINARY SESSION

## ASSEMBIY DAIIY JOURNAL <br> FIFTY-FIRST LEGISLATIVE DAY NINETY.FOURTH GALENDAR DAY

## IN ASSEMBLY

Assembly Chamber, Sacrampnto Wednesday, Mry 21, 1975
The Assembly met at 1031 a m
Hon Robert $P$ Numo, Member of the Assembly, 29 th District, presuding

Chief Clerk James D Drisuoll at the Desk
Assistant Clerk Ray Monday readmg
AOLL CALL
The roll was called, and the following answered to their names- 73

| Alatorie | Collier | Keyror | Papan |
| :---: | :---: | :---: | :---: |
| Antonotich | Oullen | Lancanter | Ferino |
| Arnett | 1pavis | Lantarman | 1 riolo |
| Badham | Leideh | Lewis | Ralph |
| Bane | Dixon | Jockier | Rghinson |
| Bannal | Duff | Maclonald | Rosenthal |
| Bermun | Egeland | Muddy | Siestat |
| Beverly | Fenton | McAlinter | Sierots |
| Bontwinght | Folan | MeLennan | Thoma, Viment |
| Buger | Garampirth | Nicyitile | Thomas. Wilhiam |
| Buike | Goggen | Metudp | Thut mata |
| Calvo | Grpene | Maller | Turnps |
| Campleill | Gualco | Mables | Va-concellos |
| Cerpenter | Hari | Montosa | Yicenema |
| Chacon | Hasden | Mort | Wilsou |
| Chrmple | Ingalls | Sumpy | Wornins |
| Chel | Kaprlaff | Nestande | Z'berg |
| Chmbole <br> Clane | Keeue | Nimmo | Mr. Speaker |

Quorum present
REGULAR BUSINESS DISPENSED WITH
By unanimous consent, the regulat order of busmess 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 reguest of Acting Speaker Nnmme
Mr. Tucker, on request of Acting Speaker Nimmo
The following Members were granted leaves of absence for the dav. on personal business, and dessed to wave their per diem
Mr. Brown, on request of Acting Speaker Nimmo
Mr Knox, on request of Acting Speaker Nimmo
Mr. Suitt, on request of Aetmg Speaker Nimmo
Mr. Warren, on request of Acting Speaker Nimmo

NOTE For letter explaming the nbence of $M_{2}$ Wrapen on this das see Aesembly Daily Journal for the Regulac Sesson for May 20, 1:177, page $\mathbf{5 2 3 6}$

## COMMUNICATIONS

Assembll Chamber, May 21, 1975
Mr. Speaker Pursuant to yom instauctrons the Chief Clemk has pammed Assembly Bill No. 7
And reports the same correctly engrossed

FAMES D DRTACOISL Uhef (leih

Above bill re-referred to committee

## CONSIDERATION OF DAILY FILE <br> SECOND READING OF SENATE BILLS

Senate Bill No. 2-An aet to add Division 31 (commeneing with Section 41000) to, and to repeal Part 8 (co mentimg with Section 37000) of Division 24 of, the Health and Safety Code, and to repeal Section 8 of Chapter 1292 of the Statutes of 1965 , relating to honsing, and making an appropriation therefor, and providing for the preparation, assuance, and sale of state bonds to create a fund to be used by the Califoma Housung Fmance Agency to make Ioans for finanemg housing developments, and providing for the submusion of the bond measure to the people at a spectal election to be consoludated with the 1976 direct primary election

Bill read second time, and ordered to third reading

## RECESS

At $10: 32 \mathrm{am}$, Acting Speaker Nimmo declared the Assembly recessed.

## REASSEMBLED

At 2:45 p.m., the Assembly reconvened
Hon Robert $\mathbf{P}$ Nimmo, Member of the Assembly, 29th District, presiding.

May 21, 1975

## ADJOURNMENT

At 246 pm , Acting Speaker Nimmo declared the Assembly adjourned until 1 p m, Thursday. May 22. 1975

LEO T MeCARTHY, Speaker
ANABEL FLEURY, Minute Clerk

## CALIFORNIA LEGISLATURE

## 1975－76 FIRST EXTRAORDINARY SESSION

## ASSEMBLY DAILY JOURNAL <br> FIFTY．SECOND LEGISLATIVE DAY <br> NINETY．FIFTH CALENDAR DAY <br> IN ASSEMBLY



ROLL CALL
The roll was called and the follownire anwered to then name－- ；

| Alatome | collue | Keいい！ | I＇יוmos |
| :---: | :---: | :---: | :---: |
| Antumax | Culsu | Lather＊｜r | l＇tula |
| Annett | 11．as |  | Ir．alun |
| Bane | 1 medrah | I，¢19 |  |
| Bamma | 1 Wion | lathime | Itovelohtal |
| Themam | Infl | Maclimald | Nwulal |
| Beren | Eralami | M inds | 人191010 |
|  | F゙ロl｜cm | Mratwier | Nullt |
| 1314\％ | 1＇יו木界 | Weladidil | Thathan \atatert |
| ［30w1］ | Cintminmin | Whitar | ＇Thomsa Nilham |
| limht－ | Cibsixill | Meate |  |
| Culo | Givert | WHM ${ }^{\prime}{ }^{\text {a }}$ |  |
| Camphell | ciuak ${ }^{\text {a }}$ | 310140） |  |
| Ciamenter | 14．11 |  |  |
| Chatem | 14ndin | Noll | H1lwor |
| Chaplife | lntall | Wath | W＇ı14＊II |
| Chel | h．dphus | 入amma |  |
| Chimiole | Ferue | I＇п3ハリ | M M Pruthe |
| Clane |  |  |  |

Quorum present．

PRAYER
Upon invitation of Speaker pro Tempore Papm, the following prayer was offered by Honorable Kell MurDonalla, Mrmber. 3lith Awembly District.

God Our Father, We stand before You towlay as humbla men and women seeking Thy wasdon to decude the dafficult mume We appear to be at a crossroads on the rourbe of oun sondety Holp us stand firm aganst the spectal interents who would pmend without thought of the consequences uport others Help us to rember our puritur in keppmes with the standateds of gencraf puble morerent and economic and soecal
 our steps to fuir and equatable solutums to problemin. Fmally rekindie our faith in You, $O$ God-AMEN

## PLEDGE OF ALLEGIANCE TO THE FLAG

Upon request of Speaker pro Tempore Papin, Mr Miller then led the Assembly in the pledge of alleghance to the Flay

## MOTION TO DISPENSE WITH READING OF THE JOURNAL

Further reading of the Jommal of the prevous 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 abseme for the diny. because of illnesis.

Mr. Craven, on request of Spenker pro Tempore Papan
Mr. Tucker, on request of Speaker po Trmpun Baman
The following Member was geanted leate of absence for the day, on legıslative business.

Mr. Warren, on request of Spedker pro Tempore lapha
The following Members ware gianted lower of dbumee for the dey, on personal business, dad denved to wane then pur dum
Mr Badham, on request of Spoaker pro Tempore Paban
Mr. Knox, on reguest of Speaker pro Tempore l'apan
Mr. Nestande, on request of Speaker pro Tempore P'apan

NOTE. For lettel explaning the ahsence of My Whicen on this day on legislative business purmant to the Answmbly Ihules, see A wembls binly Jounal fou the Regular Sessmon foe thu diav

## ADJOURNMENT

At 412 p.m, Speaker pro Tempore Papan declared the Assembly adjourned until 11 am , Friday, May 23, 1975

LEO T. McCARTHY, Spriker
ANABEL FLEURY. Minute ('ler'k

## CALIFORNIA LEGISLATURE

## 1975-76 FIRST EXTRAOROINARY SESSION

## ASSEMBLY DAllY JOURNAL

## FIFTY-THIRD LEGISLATIVE DAY NINETY-SIXTH CALENDAR DAY

IN ASSEMBLY

Assembly Chamber, Sacramento
Friday, May 23, 1975
The Assembly met at 1232 p m
Hon Leo T MeCarthy, Speaker of the Assembly, presiding. Chuef Clerk James D Driscoll at the Desk
Assistant Clerk Ray Monday reading
ROLL CALL
The roll was called, and the following answered to therr names- 73

| Antonovich | Collser | Keysor | Papar |
| :---: | :---: | :---: | :---: |
| Arnett | Cullen | Lancaster | Perino |
| Bailham | Davis | I anter nian | Priolo |
| Bane | Dedkieh | Lewly | Ralph |
| Bannal | Divon | Locky er | Rosenthal |
| Berman | Duffy | Maelourd | Suegler |
| Hevels | Egelnud | Matdy | Sicioty |
| Boatwright | Fenton | Mcalister | Sutt |
| Bruge | Forta | MeTannan | Thnmas, Vincent |
| Brown | Garmmende | MeVittie | Thomas, William |
| Burke | Goggin | Mcade | Thusman |
| Calvo | Gleene | Muller | Toures |
| Camphe? $]$ | Gualco | Moblev | Vasconcellas |
| Carpenter | Hart | Motitoya | Viennela |
| Chacon | Hayden | Mori | Wilson |
| Chapple | Ingalls | Murphy | Wornim |
| Chel | Kaploft | Nestande | Z ${ }^{\text {luerg }}$ |
| Chlmbole | Keene | Nimmo | Mr Speaker |
| Cline |  |  |  |

Quorum present.

PRAYER
Upou invitation of Speaker Mc'artliy, the following prayer was offered by the Honorable Ernest N Moble?, Member, 31 st Assembly District.

Father, This morming we ask Your blessung on all who are assembled here We ask You to wateh over the legislatise bodv as we work for the welfare of soclety Yon are ever aware of our hopes and our needs and we beg You to give us gudance so that we may carr out Your work with dedication and love

We thank You for thes beautifal State of Califonma for her parks, streams, ocean, sky, and fertile soll We thank You for giving us opportunties to enjoy the wonders of Your makmg We ask You to watch over all of Your children on thas holdan weekend to get them safely to therr destmations and homes We ask Your blessmgs for those who gave their lives so this comutry may be free to watch ovel our servicemen and women who served so bravely and who resude in ou hospitals, for those who will go through life hindu apped Grant us the ability to live peacefully amoug our fellow men Louk kmdly upon us and give us peace - AMEN.

## PLEDGE OF ALLEGIANCE TO THE FLAG

Upon request of Speaker McCarthy, Mr Rusenthal then led the Assembly in the pledge of allegance to the Flag

READING OF THE JOURNAL DISPENSED WITH
By unammous consent, reading of the Journal of the prewonc legislative day was dispensed whth

## 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 Robinson, on request of Speaker McCarthy
Mr. Tucker, on request of Speaker $\mathrm{MeCurth}^{-}$
The following Menber was granted leave of absence for the day, on legislative business.

Mr. Warren, on request of Speaker McCartly
The following Member was granted leave of absence for the day, on personal business, and desired to wave his per diem

Mr. Knox, on request of Speaker MeCarthy
The following Member was granted leave of absence for the day, because of ilhess in his fanuly.

Mr. Alatorre, on request of Speaker MeCarthy

NOTE For lettel exploning the alsacure of Mi Warren on thin das on legaslative busthess pursiant to the Aswembly Rule, Ner Arsembly Jail Jommal for the RegnIar Session for Miny 22, 1975, pare 5415

## ADJOURNMENT

At 1233 pm , Speaker McCarthy declared the Assembl3 adjourned untal 10 a m, Tuesday, May 27, 1975

LEO T McCARTHY, Speaker
ANABEL FLEURY, Mmute Clerk

## CALIFORNIA LEGISLATURE

1975－76 FIRST EXTRAORDINARY SESSION

## ASSEMBLY DAlLY JOURNAL

## FIFTY．FOURTH LEGISLATIVE DAY ONE HUNDREDTH GALENDAR DAY

## IN ASSEMBLY

Assembly Chamber Sacremento
Tuesday，May 27， 1975
The Assembly met at 1031 am
Hon Leo T MuCarthy，Spenker of the Assemblr，preadmo
Chief C＇letk James D Driscoll at the Desk
Assistant Clerk Ray Monday reading
ROLL CALL
The roll was ealled，and the following answered to their names－ 74

| Alatonye | （line | Kが年 | Pimo |
| :---: | :---: | :---: | :---: |
| Antomovich | Colher | Kı10， | Raljh |
| Annett | Cullen | Sambaster | Robinson |
| Bindhatm | Dands | Jamterman | Rowenthsl |
| Bane | Ducdeleh－ | Lex is | Nioster |
| Brnnal | Divon | Iacliser | Sternts |
| Berman | Dulty | Mratis | Sutt |
| Beberily | Egaland | IncAlater | ＇Thomas．Yincent |
| Boatwright | Fenton | Mclamman | Thomive Whallann |
| Bricgs | Forna | Mevittie | Thouman |
| Brown | Galamunda | Miller | Tulsen |
| Houke | Gogmin | Mobler | Virseoncellos |
| Calio | Glarne | Montura | Vicunera |
| Camplell | ciualco | Nohl | Warrell |
| Cuspentel | Hait | Murbly | Wilmon |
| Chocont | Hinden | Nestinde | Worumm |
| Chappie | Inendls | Papan | $Z \mathrm{berg}$ |
| Chel | Kapmloft | l＇eirino | M Speaker |
| Chambole | Kerite |  |  |

Quorum present：

PRAYER
The following praver was offered by the Chaplan, Father Lee MeAllister

Father. In this world we make much of the fath 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 hued it, that we will be judged nat by the flimboyance with which we have worn our political or other labels, but by the responsibllity and creatnity whel should accompany them

Help us, Father, to always find our way, above and beyond the things that divide us, to generositr, to love and self-marrifice and to the service of others.-AMEN.

## pledge of allegiance to the flag

Upon request of Speaker McCarthy, Mr. Mori then led the Assemblu in the pledge of allegiance to the Flug

## MOTION TO DISPENSE WITH READING OF THE JOURNAL

Further readmg of the Jourmal of the previous legislative day was dispensed with on motion of Mr Cullen, secomded by Mr Beverly

## LEAVES OF ABSENCE FOR THE DAY

The following Members were granted leaves of abspare for the day, because of alluess

Mr Craven, on request of Speaker Me.'arthy.
Mr Meade, on request of Sperker McCarthy
Mr Tucker, on request of Speaker McCarthy
The following Members were granted leaves of absenee for the day on personal busness, and desired to wave therr per diem -

Mr MacDonald, on request of Speaker McCarthy
Mr Nunmo, on request of Sperker MeCarthy
MESSAGES FROM THE SENATE

 amended, and on this das passed as amendeal

Anspmbla Bill No 1



Above bll ordered to unfimshed bummens file

## ADJOURNMENT

At 1032 am, Speaker Mecarthr declared the Assembly adjourned until 1 pm , Thursd 4 y, Mny ${ }^{29}$, 197.

LEO T McCARTHY, Speuker
anabel Fledryy, Mmate Cleik

## CALIFORNIA LEGISLATURE

1975-76 FIRST EXTRAORDINARY SESSION

## ASSEMBLY DAILY JOURNAL

FIFTY-FIFTH LEGISLATIVE DAY One hundred second calendar day

IN ASSEMBLY

Assembly Chimber, Sacramento Thursdar, May 29197.7
The Assembly met at 321 pm
Hon Leo T MeCurthy Speaker of the Asombly, presidurg Chef Clerk James D Duscoll at the Desk Assistant Clerk Ray Monday reading

ROLL CALL
The roll was called, and the following nuswered to their names-it

| Alatorre | Cother | $\mathrm{K}_{\text {10 }}$ | Pramo |
| :---: | :---: | :---: | :---: |
| Antonovich | Cullen | Lancaster | Ralph |
| Arnett | Ibatis | Lanterman | Rohthwon |
| Budham | Deddeh | Lewis | Roupnthal |
| Bapaar | Dison | Jaochser | Sumplei |
| Berman | Duff | Mumk | Sielut |
| Bex eris | Egetand | Mredinter | Stast |
| Boatwight | Fenton | MrLamman | Tlerman, Vincerat |
| Brigem | Forain | Mr Vitter | 7homin Willoum |
| 36ma | (istrambudi | Merste |  |
| Buike | Gumpin | Miller | 'Town |
| Calio | Gimecre |  | b-ancition |
| Camphell | Gunleo | Mmomera | Yeromer |
| Canju'nter | Hart | $1{ }^{1} 101$ | IV.an"\% |
| Chacon | Han den | Nintambe | Wstm |
| Cbathme | Sngrils | Nimma | W © 1 и\% |
| Chel | Lapulot | [ | Z licty |
| Chimbole | Kirime | 1'rimo | Nhe Speaket |
| Clune | Kry mor |  |  |

Quorum present

## PRAYER

Thon mutation of Speakel Mrearths, the followne prons was offered by the Honomble Bill MrVittac, Member, bith Dutrat


 moment of a gieat wok to be done by and by Help an to vatith thom Pdeh parang moment the opportunty of guath donag for othor eadi dar's needed ehomen-AMEN
(1)

## PLEDGE OF ALLEGIANCE TO THE FLAG

Upon request of Speakei Mec'athr, Mi Vieplent theri led the Assembly in the pledge of allegrave to the Flay

## MOTION TO DISPENSE WITH READING OF THE JOURNAL

Further reading of the Journal of the prevons leghative dat was dispensed with on motion of Mr Merde, secorded hy Mr ('ollhir'

## LEAVES OF ABSENCE FOR THE DAY

The following Members welp granted leaver of dhencts for the day. because of lllness

Mr Craven. on requent of Apeake Mcciathy
Mr Tucker, on request of Speaker MeC'arthy
The following Member was gratated ledve of absence for the day, on legivative busmess

Mr Bane, on reyuest of Spedker MrCarthy
The followng Members were granted leaves of abonce for the dan on personal busmews, and desmed to wate then per diem

Mr Ma Demald, on request of Speakes Mecirthy
Mr Murphy, on request of Speaker MecCarthy

 Skmmion Etol tha dar

## GONSIDERATION OF DAILY FILE <br> UNFINISHED BUSINESS <br> CONSIDERATION OF SENATE AMENDMENTS

 and 536.51 of the Covernment Code, and to add Dusmon 91 (commentmg with Sextion 41000 ) to. and to tepooll Patt \& (ommencing with Section 37000$)$ of Divimom 24 uf, the Health and Sat'ets Code, and to repeal Sectum 8 of Chapter $12 \underline{2}$ of the Statutes of 196 , chatmer to housing, makng an appopration theredor, and prosidng far the prepparation, ssuasee, andi sole of siate bonds to crate a fand to be ured
 housme developments, and puovidug for the submesom of the bond measure to the people at a hpercal election to be comolalated with the 1976 grineral election

The curation bemg Shall the Asembly comen wr the tollonman Senate amendments to Assembly Bill No $1^{*}$

Senate Amendments of April 10, 1975
Set $\mathrm{N}_{\mathrm{o}}$ Y
Amendment 1
In line 1 of the title of the printad bill, as serond amended in Asspmbly April 1. 197\%, after "to". mert "dumend Sectums 11553, 15556. 16.722, and 53651 of the Govermment Code, and to"

## Amendment 2

On page 5, line 1, after "SECTION 1 ", msert "Scction 11:352 of the Government Code $n$ amended to read

11552 An amual salary of tharty thousand dollars $(\$ 30,000)$ shall be paid to each of the followng.
(a) Superintendent of Banks
(b) Commissioner of Curporations
(e) Insurance Commosioner
(d) Director of Transportation
(e) Real Estate Commissioner
(f) Saving and Loan Commesioner
(g) Director of Benefit Paymenta
(h) Director of Water Resources
(i) Director of Fond and Agriculture
(i) Director of Corrections
(k) Director of Gemeral Servires
(l) Drrector of Industral Relations
(m) Director of Motor Vehirles
( n ) Durertor of Youth Anthority
(a) Commustimer Califonnat Thehwav Patrol
(p) Members of the Publie Ittilties Commission
(G) Directon of Employment Derelopment
(r) Director of Alcoholic Beverage Control
(*) Dirceto of Housing and Commuaty Dewelopment
SEC 2 Section 11556 of the Govermment Code is amended to read
11556 An annud salary of twenty-five thousand dollarn ( $\$ 5^{-}$in00) shall be pard to each of the follorrug
(a) Director of Narigation and Ocean Development
(b) Drestor, Office of Emergemer Sivices

(d) (c) Mpmbers of the Adult Antliorits
(d) (d) Menmbers of the Buard of Equalization
(f) (o) Members of the State Water Resomreric (imtrol Buald
(g) (f) Members of the Yontl Authorits Bonrd
(h) (g) State Fire Mamlal

SEC 3 Section 16.522 of the Govenument Code in amemded in acod
16592 The followng sectunties may be recenved in serurity for do. nand and thene depouts
(a) Bonds notes, or other oblogationn of the T'mited Stater of thase for whel the fath and "redit ot the Tinated Statom are pledered for the payment of promespal amid interest
(b) Notes or bends on am oblgatiom of a local puble ageney (a

 Aet of 1935 ) for whet the fatl wide wedit it the louted Stater are pledged for the payment of panipal dad interent
(c) Bond of tha state or of any womits rits tema, mattopolitan

 distriet, Water eonspation distiset on wigation distime within the
state, and, in addition, deverfue or tax anticipation motes, and revemut ${ }^{2}$ bonds payable solely out of the reventes fiom a reverur-produrng property owned, controlled or nperated by tha vate or sueh local agenes or distaset, or by a depaitment, board, agenow, or athority thereof
(d) Remstered warrants of thas state
(e) Bonds, consolddated bouds wollateral trast rebentues consolidated debentures, or other oblgations ismued by the Imited Stater
 estableshed ander the Federal Fam Loan Aet as amended debenturas and consoludited debentures issued by the Central Bank for (Yopperitives and banks for cooperatives ustablishord under the Farm Credit Act of 1933, as amended, bonds on debentures of the Federal Home Loan Rank Board establesled under the Fethed Fome Loan Bonk Act. bonds, debentures ard other oblygations of the Federal Nationall Mortgage Association establighed under the Nationd Housing Act as amended, in the bunds of any fedred home loan bank established under sand act, and in bonds, notes, and other obligations ksued by the Tennessee Valley Authority undei the Temessee Valley Authority Act, is amended
(f) Bonds and notes of the Cohjon mu Housing Fomance dyeney
 3 of Dueston 31 of the Hralth and Satcty Code.

SEf 4 Section 53651 of the Govermment Ciode, an amended by Soction $t$ of Chapter 464 of the Statutes of 1978 , is amended to weid

33651 Eligible securities are any of the following
(a) United Stats Treasury notes, bonds, bills on ecrtificates of intdebtedmess, or obligitions for which the fath and wredit of the ['uted States are pledged foo the payment of prompol and interest
 defined in the [mated States Hormmo Act of 1!t?) or anm obligations of a public houning ageney (as refined m the lintenl States Honsmg Act of 1937) for which the fath and aredit of the Tinited States are pledged for the payment of promespal and meterest
(c) Bonds of this state or of ally leseal riapenev on dintriet of the State of Calaformia hasmg the power wathout hmit as to rate or emonant, to leyy taxes to pay the promepal and mterest of anch bonk upon all property within its boundarses sabject to taxation bs suath lacal avenes or distict, amd in addition, sales tix revenue bonds. and rexenue bonds and other obligations pasable solely out of the revemen from a remene producing poperts owned, rontiolled ar opetated by such state lowat agency of district or ba a deparment, boald dirame on authority thereof
(d) Bonds of any public housiner agenes (a defined in the Tinited States Housing Act of 1937, as dmended) as are secured by a pledge

 such contrabt thall contain the covenent by the lublin Housing Admunstration which a authorized by subection (b) of Siection 29 of the United States Housung Act of 1937 , as amended, and if the mammum
 sand subsection $92(b)$ shatl not be less than the ammal ammant and the period for payment wheh dee requisite to provide far the parment when due of all matallments of prompal and monest on such oblegations
(e) Reanstered warriants of thas state
(f) Bonds, remsolalated bonds, wollateral tiust debentutes, ronsolidated debenturem, or other ohlyations issued bs the I'rited staten Pontal Servicu, federal lamal basiks or tederal memmedide eledit banks established umter the Fenderal Fam loan $\Lambda(t$, ds mimended drbentures and romsolidated debentures issued by the Central Pank for ('ouperatives and banks tor comperatises entablished under the Farm C'redit Act of 1933, us dmended, bunds, or debentues of the Fedend Fome Loan Bank Boatd mtablishod under the Fedural Home laon, Brak Act bonds, debenturen and other ublyations of the Federal National Mortgage Assockiton or of the Government National Mortange Assoedation extablished under the National I Iousuger Act, as amended, bonds of any federal home loam bank establahed under sald act and obligations of the Tennensee Valley Authority
(g) Notes, tax antierpation warmants or other evodenee of modebtedness issued pursuant to Artiele 7 (rommoming with Seetion 53820), Artucle 75 (commenusur with Sertion 53840 ) or Artwhe 76 (iommensing whth Section 53850 ) of this Chapter 4
(h) State of Cidifom nud notes
(1) Bonds motes, certifiegtes of midebtedness, wariants or other ob Ligations issued by (1) any state of the United States (evisept this state), or the Commonwealth of Puerto Rico, or duy loral agancy thereof having the nowe to leve taxes, without limat as to rate on dmount, to pay the princepal and interest of such obligilumen or (2) amy state of the Tonterl Sitates (except this state), or the ('ommomerdih of lueito Rico or a department, board, agence or authority thereof wheh are payable olely out of the revenues from a resenue prorlucmo source ouned controlled on operated thereby, provirled aneh obhgattions lasued by an entity deseribed in subsection (1) are rated in one of the three highest giates, and such obligitions issued by rin entity derembed in subsection (2) are rated mone of the two hogliest giades by a natioually recognized investment servee organoation that has bein emoged repularly in rating state and mumepral issues for a period of not less thin five yeds
(, Obligations ssued or guardnteed by the International Bank for Reconaturation and Development Inter-Amersean Desclopmont Bank, and the Goven monent Development Bank of Pueito Rico
(k) Participation reitifieates of the Export-Import Bamk of the Touted States
(l) Bonds and motes of the Cahforma Housing Fananer Itocuey issucd pur suont to Chopier (commencony woth Sertion 71700 ) ol Pal 3 of Dursion 31 of the Healih ond Safcly C'ode

This sertion shall berome moperstive and is sepested on the opetative date of Section 536n1 of the Government Code as memded by Soctom 5 of the chapter amending this section at the 1973-74 Regular Session

SEC: 5 Section 53651 of the Government Code, as ammilled by Suection 5 of Chapter 464 of the Statutes of 1973 , is amended to read

53651 Elighle securitiea are ans of the following
(a) United States Tieasury notes, bonds, bills or centificater of indebtednebs or obligations for wheh the farth and aredit of the Unted Staten are pledeed for the payment of prinepal and interest
(b) Notes or bouds or any oblyrations of a local public apperey (as defined in the ITnited States Housing Act of 1949) or any obligations of a public housing agency (as defined in the United Stater Housmg Art of 1937) for which the fath and credit of the (Thited Staten ar: pledged for the payment of promeiprl and interest
(c) Bonds of this state of of aly loeal ageney or distriet of the State of Califorma having the power, without lunt as to ate or amount. to levy texes to pay the promeipal and unterest of now bonis upon all propertes within its bounderies subject to taxation bu such lowal agener or district, and in addition, salken tix revenue tunds, and resemue bonds and other ubligations parable solely ont of the revanues from a revelumproducing property owned. controlled or opeated by uhd state local agencer or destrict or by a department, board, agence or athoritr thereof
(d) Bonds of any puble housing "genev (as defined in the Emiter States Housing Act of 1937, as anended) an are wer uted br a plodge
 tween surh public housmy dgenev and the I'ublue Homsing Aimmostretion of such eontact whall contrim the eovemant bs the Publuc Homsing Admmistrafion whioh a authorized be nubuection (b) of Section De of the Uuted States Housing Act of 1937, as amended, dud if the maximum sum and the maximum period speecfied m surh contrat pursuant to sad subsection 22 (b) shall not bee face tham the annual amount and the period for pasment which are requisite to provide for the peryment when due of all mstallmpnts of primeral and metest or sueh obligatinns
(e) Registered warrants of this state
(f) Bonds, consolidated bonds, collateral trint debentures iemonhdated debentures, or other obisgateme isumed bs the T'mited Stateq Postal Service, federall land banks or feeleral intermedtate evedit bomhs established under the Federal Farm Lainin Aet as amended. debentures and eonmoduted debentures issued by the Central Bank for Comperatioes and broks for cooperatives astablished under the Farm ('rodit A.t of 1933. as amended, bonds. or debentues of the Fedmal LIome Lam Bank Board established under the Federal Home Ladin bank Aet, bonds, de. bentures and other whligat tons of the Federal Nationall Monlongre Assoclation or of the Government National Mortginee Asboeration eatablished under the National Howsing Act as durnded bond of ans federal home loan bank established under adid det. and obligations of the Temmessee Valles: Autlority
(g) Notes, tax anticipation warrats or other evidenes of mulebted-

 ing with Sertion 53850) of the (hepter 4
(h) State of Calhformia notes
 Reconstruction and Development lnter-Amarie n Development Bants and the Goverument Development Rank of luarto Ruas
(j) Particupation certifiedten of the Evport-lmport Bank of the United States
(k) Bonds and nolde of the Caltorma Houving Fimancre Agrmetze sucd pursuant to Chapter 7 (commencong with Scrtoon 11700) of Pal sof Dreesion 31 of the Health and Siafety Code

Tha sectuon shall breome operature on January 1,1976
SEC $6^{\prime}$.

## Amendment 3

On phge 5 , lime 4 , strike out " SEC 2 ", and msert
"SEC 7 "

## Amandment 4

On page 7, lme 29, after "housing'", insert "to provide lower rent"
Amendment 5
 meome houncholds". and msert "mpoosed econome, etluife, and racial isolation or concentration"

## Amendment 6

On page 12, line 10, stılke out "In', and msert
"(4) In"
Amendment 7
On page 12, line 16. strike out "or other'

## Amendment 8

On page 14, lme 29, after "jomtly'", insert ", or any Indhan reservation"

## Amendment 9

On pige 15, line 36, after "entity " msert "tribal council."
Amendment 10
On page 16, lme 14, after " poutly", insert ", or Indidn reservation'

Amendment 11
On page 16, line 21, after the eomma, mert "Indian rearrvation"
Amendment 12
On page 17, hetueen limen 30 and ti) insert
"41055.5 "Owner-aceuphed housmp development" moan a housman development eontaning ant more than four residental ants one of wheh wo ceupied by the owner of the houbing development "

## Amendment 125

On pagi 22 hime 4, after "divitom", meryt " papept Part 4 (emmmenemg with suction +1800),'"

Amendment 13
On page 24, strilte out hanen 23 to 35, un lusme
Amendment 14
On page 28 line 34 alter the comman matit "or with an Induan


## Amendment 14.5

On page 32, line 35, after "for", insert "the provision of housing for"

Amendiment 14.7
On page 32 , strike out lines 36 to 38 , melusive, and insert " neome in this state'.

## Amendment 15

On pare 36, strike ont limes 20 to 26 , melugive and moret
" 41209 Except where the department is apeeffically vested by this part woth the authority to adopt rulen and renulations, the rommission may udopt, amend and repert rules and regulations reasonably necessary to carrv out the provisions of thes part Any rules and iegulations of the commusson in effect on the effectise date of this division shall remain m effect until amended or repealed"

## Amendment 16

On page 38 , line 40, after the period, inselt "Knowng or willful violation of the disclosure requirements of this section shall constitute a. misdemeanor under Section 91000 of the Govermment Code Pursuant to Section 91000, fines may be mposed for any such volation"

## Amendment 17

On page 39, strike out lines 1 and 2 , and insert
" 41305 (a) Except for the member speenfied m subdrision (a) of
Section 41302 m his caparity as an offirial of a "ity or county, no member of the board and"

## Amendment 18

On page 43. line 32, strake out "and cities and counties", and insert "cities and counties, and Indian revervations"

## Amendment 19

On page 46, hne 8. strike out "The", and insert
"The ageney shall (1) refuire that, to the greatest extent feasible. opportunitues for tramong and employment arising in connectoon with the plannmo, construction rehablitation and operation of housing developments financed pursudut to this part he given to persons of low incomp remding 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 honsing developirents shall, where appropriate. be awarded to business concerns (uncluding, bot not lmited to, individuals or firms domg busmess in the field of decign, arelitecture bulding construction, rehabilitation, mantanance or repar) located in, or owned in substantal part by, persons residing $m$, the area of such housing In order to achuese the purposes of this vection, the agency may wave bond requirements and retention regairements otherwise mposed upon contractorv or subeontactors 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 "housurg sponsors, other than nonprofit housung aponsors, of rental".

## Amendment 21

On page 46, strike out lines 39 and 40 , and unsert "the loan is made Loans made pursuant to this part to nonprofit housing sponsors shall not exceed $98^{\prime \prime}$.

## Amendment 22

On page 47, line 1, after "unless", msert " (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, lue 4, strike out 'substantial', and insert "signsficant".

## Amendment 25

On page 47, line 7, strike out "low-ıncome, nonelderly", and insert "very low income".

## Amendment 26

On prge 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 occupled by very low income households, or (3) the nonprofit housing sponsor's past acturities m readental developopments have been lmoted by exelusionary or disermmatory lending policies or practices of the mortgage-finance industry or government mortgage programs'.

## Amendment 27

On prge 47, between lanes 7 and 8 , insert
" 41339 This division is intended to benefit purchasery and residents of housing developments who are persons and fambies of low and moderate neome and shall be liberally construed to allow such persons to mitute curil actions and to enforce rights duties and benefits under this division and regulations adopted pursuant to this division "

## Amendment 27.5

On page 52, ime 30 , strike out " m this state", strike out lue 31 , and msert "for the provision of housing for persoms and".

## Amendment 28

On page 52, line 32, after "neome", unsert "in this state, the cost of staffing prowded pursuant to this section bhall be defrayed solels from loan fees, federal grants, or state money approprided for such purpose"

## Amendment 29

On page 58, between lines 22 and 23, nisert
"41404 In arein where rehlabhtation find beng is provided pursuant to this part, the agenter, be regulation, whill requive that quallfied nortgage lenders on the ared, lendang fiom their own rachurees. do not zefune to grant lodms or adopt ans icataction of eredit wheh
 mother aleas The practice wouk be contrary to the papmese of this part and shall therefore be prolubited

The agency, by regulation, shall also assure that qualified mortgage lenders do not substitute funds made avalible under this part for the lenders' own resources. without permission of the agency Quminfed mortgage lenders mas provide fincmemg undur thos part until the ageney mokes a finding that the lender is in volation of this section or decertifies the lender pursuant to Section 41057 "

## Amendment 30

On page 60, line 20, strike out ", as defined in Section $41043^{\prime \prime}$
Amendment 31
On page 62, line 32, strake out "necensary". and naert "requred"
Amendment 32
On page 62, line 32, strke out "mereased", and maert "necessary"

## Amendment 32.5

On page 63 , lme 10 , struke out "reasonrble notiee", and insert "consent of the occupant".

## Amendment 33

On page 69, line 35 , after "jomtly", mbert ", or Indum rearrestion".

Amendment 34
On page 71, stuke out Imes 24 to 3 t, melusine, durl mbert "opportunty for revew and comment by areawide eleamghoums ander enrculnr A-95 of the Uninted Staten Office of Manderenent and Budpet Subsequent amendments shall be reverwed to ascume ther conformats wath the intent of thes divisum if such an areande clearmphome. withan 30 days after recenam notification of a proposed housing development of ower 3.5 unth wathm its jurnehetion, notition the adem: that it disappores of such housing development the agrem a blinlt, mior to recordation of a lown to fundme the houng development powite to

 required to contribute money to be eapended to par the conts of the regunements of thin section

Amendment 345
On page is lime 9, after "Admmatration". maser "on by the Farmers Adnumstration of the linted Staten Depatmont of Agrt cultule"

## Amendment 35

Ons pages 80 , strike out limes 31 to $\cdot 4$, melinen er, dud meert

 loans made with poeech of the boms wo dhthomed and to be weyd to secure the bonds and the extemt to whels weh sementom man be awd for other purposes "

## Amendment 36

On page 82, between lmes 17 and 18 insert
"Additionilly the board miy apmont a corporate trustee to aet. as trustee pursume to this section in heu of the State Treasurer wh ans instance in wheh the board is adrised by bond comsel that a confliet of unterest would arise from the Treasuer acting as surb truster "

Amendment 37
On pige 87, atrike out lines 5 to 7, melusive, and insert "publie deposits No more".

## Amendment 37.5

On page 88. between haes 35 nad 36 , msert
" 418045 The General Ohligation Bond Acoont is hereby ereated in the Galiforma Homsing Fimance Fund "

## Amendment 38

On page 89, lme 2, after "the", msert "General Obligation Bond Account in the'"

## Amendment 39

On paye 89, hme 8, after "the", wsert "Gemeral Obligation Bond Account in the"

## Amendment 40

On page 89, lune 10, after the permod insert "Any merest or other merement resultimy from the deposit of urvesment of momery in the General Obligetion Bond Aceount wall be deposited m sud aceoment Mones derived by the agener from finalumg housing developmont with the proceeds of bonds wsued pursuant to the part shatl be depomited m surb account Notuithotamimig anv ofther pronisom of this divison, monrys in the Generad Oblurat on Thand Aceount and momers property, dind mortgrges desisent theref.om viall mot be pledged to secure any obligatom of the dgent created puruant to C'hapter 7 (commencing with Section 47700 ) of l'art 3 of this duvison "

## Amendment 41

On page 89, line 16. after "the", mapt "Grenerd Oblygation Bond Aecount in the"

## Amendment 42

On page 89, line 19 after the third "the", mert " Mencral Oblorition Bond Account in the" "

## Amendment 43

On page 89 , lne 23, after the firat "the", uscert "General Obligdtion Bond Account in the"

Amendment 44
On page 89, line 29, after the second "the" incert "tiencral Obligation Bond Arwount in the"

Amendment 445
On page 90 , lines 12 and 13 , stake out "of thin act"

## Amendment 45

On page 90, lum 14, after "the", mert "Genpral Obligatmon Bond Account in the"

## Amendment 45.5

On page 90, line 15 , after "Fund", uscrt "ereated by Sertion 41804 5"

## Amendment 46

On prge 90, strike ont hmes 16 to 29 , melusive
Amendment 47
On page 90 , line 30 , atrike ont " $\mathrm{SE} \mathrm{C}^{\prime} .5$ ", and muert "SEC 8"

## Amendment 48

On page 91. Jine 12 , strike out 'SEC 6 ', And mant "SEC' 9"

## Amendment 49

On prige 91 , luse 20. strike out "SEC; 7', and msert "SEC: 10 "

Amendment 50
On pape 91. line 26 , strike mot "SE4" 8", and mert "SEC 11"

Amendment 51
On page 91, Ime 3b, strme ont "SEC' q'" and maert "SEC" 12"

Amendment 52
On page 32, hme 27 , strike sut'" $\mathrm{SEC} 10^{\prime \prime}$, amit usent "SEC' 13 "

## Amendment 53

On pare 92 , lime 37 , strike nut "thw det", and mapit "the Jlousmp Finanee Bond ladw of 1975 "

## Amendment 54

On page 92, lime 39, strme out "SEl' 11 ", and msert

## "SEC' 14 "

## Amendment 55

On pres 03 , between hamen 4 and 5 , maret
"SEC 15 Suctom 8 of C'hapter 1202 of the Statatin al 1965 repealed
 act shall have the eftere of maknge permatient the thation of the Jma-









## Amendment 56

 "SEC 17".

## Set No 2

Amendment 1
On page 10, tme 22, strike out "denclop", and momit "rifopt"

## Amendment 2

On page 16, stike out limes $8-1 \boldsymbol{y}$ melusive

## Amendment 3

 "relabulitation lomas"

## Amendment 4

On pare 16, hane 36, stoke out the serond rommed

## Amendment 5

On page 18. Jime 31, affer "meome", mbert "os estmated br the "geney from time to tmme"

## Amendment 6



 ments "

## Amendment 7



 for perman and famber of lan on modetate mome -

## Amendment 8

 "dollas ( $4-3.00$ )."

Amendment 85





## Amendment 9





Amendment 10
 "Sendron"

## Amendment 11

 and 1 ction

$$
\text { Amendment } 12
$$



## Amendment 13



Amendment 14

 rently The'

## Amendment 15



 by mortwage loans pusant to thas pat wall be andable to. at or

 So des elopment lom, selabilataon lodn, on amatrution lom thatl be made pursuant to tha part it the aremer detemmes that ith ability to
 section wonld be jeopardized themeby

43332 5 The arency , hall atoo sedk in attan the followmer objea tives
(a) Arqusitum of the maximum amont of fund adable for whbsidnes for the benefit of per coms and family on low of moderate mo ome ocenpying ants financed pursuant to this part"

## Amendment 16

On page $4 \overline{5}$, line 1.5, aften 'color', msert a commai
Amendment 17
On page 45, lme 34, after "frogram", made" whiph shall be at
 makes a sperefice findmy that the patir ulat regmenemt would be wnnorkable ${ }^{\text {" }}$

## Amendments 18-19

 action programs requared bs thas extion"

## Amendment 20

On page 53 , lime 3 , atter the comma, insert "and"

## Amendment 21

On page ix) between hane in and 6, mort






## Amendment 22

 or moderate mame,'

## Amendment 23

On page ju, line 16, after "'pomars", insert a command
Amendment 24
On page 36 , line 12 , strike out "an mpathal", and insert " $a$ ".

## Amendment 25

 or promel selected or apmoned by than anera:

## Amendment 26



## Amendment 27




## Amendment 28



## Amendment 29



 loans"

Amendment 30




## Amendment 31



 loams, or patheration therem"

Amendment 22

 and patar) ations"

Amendment 33
 any"

## Amendment 34


Amendment 35



## Amendment 36

 dental montancon or partupations"

## Amendment 37




## Amendment 38



## Amendment 39

On page 63 betwern limes 1 and 2 . merert
"(e) Rigulate the term of or undicy dgicerments to be used in housing developments fumbed unden tha chapter The derpement biall per-
 repars to a rendent's duelher tuat when it determmen that a breanh of the waranty of habitability han owamole "

## Amendment 40

On page 63, line 3.5, stuke ont ' Imated-dividend'"
Amendment 41
 ma sponsor of a rental housme develofment remang a monterage loan pursmat to this part, other that a momprofit homanie umoner or load publac entity, shall pater mito an agremant induding lmutation of "

Amendment 42


## Amendment 43

On page 66, strike out limes $2.3-24$, and wiment "tathe
In order to farelitate mplemernation of foreal houmar allondion plans the agemey may contrab with a local pable entan formerea portion
 Sucll contacth mas be cenewed ambally by mutual agrem ment "

## Amendment 44

On pare 66, hase 37, strike out "'surh"

## Amendment 45

On page 69, lame $8-9$, strake out "and not withtiming any onher provision of haw ${ }^{\text {" }}$

## Amendment 45





## Senate Amendments of April 17, 1975 <br> Amendment 1








## Amendment 2

On page 23, betworn lume 35 and 38 memet



 condation or quality of the houng wack in the stata.

## Amendment 3

On page 52. line 10 stake out "The", stake limen 11 to 19 , moclusire and msert "The agency shall requer" that on cemstruction fininerd by a construction loan from the ngeney, other then wutual self-help lowsing developmenta, all workmen employed in suth contiaction, exalusive of maintenatue work, shall be pard not lase them the gemeral paearime rate or per duem wages for work of a moman whaterem on the lowaty in which the ematruction is purformed and wot less then the presaling rate of per diem wages for hohding and mertme work The"

## Amendment 4

On page 54, line 1, after "the" insert "sponsorship,"

## Amendment 5

On page 55, ine 26, strike out the semicolon and msert a comma

## Amendment 6

On page 55, line 30. strike out ", or (3) the nomprofit", strike ont lines 31 to 35 , inclasive, and insert " In praluating the signilfeance of the past record of a nonprofit housing sponsor for purposes of thes sec-
 natory lending polucies or practiees of the morthage findmep molutis or government mortgare programs which hare lmated the rerord of past housing production or development by the nomprofit housung sponsor "

## Amendment 7

On page 62, line 24, strike out "and"

## Amendment a

On page 62, lme 27, after "mphrhants", meate ", and ( $e$ ) that the location of the proposed housum develupment is comstent with the agracy's polures of dippersmg housing developmints throurhout cammumties and of avordng undue "ourentration of persons and families, of low income".

## Amendment 9

On page 62. between hnes 29 and 30 , msert
"In providung for dıpersal of housing developments, the agency shall consuder econome feasibihty, which shall be determmed in hight of all relevant factors, antudmg the assistance programs and fund whels could be uthlized to reduce eosts Nothing in this seetion shall pohbit the dgeney from financmg housing developments in partaripating concentrated rehablitation areas and paticinatmg mortgage fumes assastance areas in a manner that would otherwise be in conflet with the dgence's policies respecting dispersel of hounthg developments or concentration of persons and familes of low meome where nerfesars: to uceomplish the puaposes for wheh finaneng is made a a a alable by the ageney un such an area"

## Amendment 10

On parge 76 , line 33 . after the penod, unsert "The agener man wise priority consideration ta, and rescrve funds for use m comection with, large urban revitalization progians."

## Amendment 11

On page 79, lme 10, after the period, maert "The nyency msly develop or require housmg sponsors to develop, purbudnt to leguldions of the agency, resident selection plans for large urban evitalization programs which recognize a need to attrate a full range of meome groups for housing developments in central-city areas "

Amendments 12-13
On page 80. strike out limes 32 and 33 , and insert ' , melvidng laws prohbiting diserimuntion in housing."

## Amendment 14

On page 95 , line 18 , strike out "bonds.", strike out lines 11 to 21 inclusive and insert "bonds if, upon ssuance of the bonds the dmount in any bonds reserre fund, established pursurnt to Section 41713 to secure such bonds or any previous issuance of bonds, will be less than the mmmum bond".

## Senate Amendments of April 24, 1975

## Amendment 1

In hine 12 of the title of the pruted bill, as amended in Sende April 17, 1975, strike out "dircet primary", and mbert "general"

Amendment 2
On page 26, line 17 , strike out "'"Real", and insert ", "Real"
Amendment 3
On page 30. line 2, after "Stondards", insert a period

## Amendment 4

On page 31, lme 17, after " (m) ". Insert "To provile bilmghal stan in connection with servies of the departiment and make dwhable departmental publications ma lanruage other than English. Where areessary to eftectively serve all groups for whel, surh sem werm or publedthons are made avalable
(n)'.

Amendment 5
On page 41, between Imes 26 and 27 . msert
 that its servees and publuedtums are fully avalable to perman and
 assure full partuspation bs sach peosoms and falmothes mprogams admustered by the department Where a sugherent number of persons in a commanity have homted fluene: in the Enghsh language. services and publications of the department shall be provided in the native language of such per sons,"

## Amendment 6

On page 52, strike out lmes 38 to 40 . marlusive and on prige 33, strike out lues 1 to 11 . melunne, aud mart "houngrg dud (シ) determue and mplement means to sereute the partienpertion of shatl busmesses in the prifomame of rontracts tor wonk un boushig de-
 more efficiently and compertenty patiepate in the ecoliontic mamstream In order to arthese sueh participation by shall busmesses, the
agener mav, among other thing wave retention requanments otherwise imposed on eontractors or subrontractors be reouldion of the agencs and mar duthonize or makn dilanee peryments for work to be perfornterl The awence stall develop relewant aclection eriteria for the partacipation of cmall bummesses to mane that to the preatest extent feasible the partionants pasess the nerevary nomfinancial eapabilities With reupect to uach small busmesses the agreney may wave bond requrements otherwise imposed upon eontrintors or subcontractors be repulation of the agemes, but the agenev shall mech wase substantally reduep the rink through (1) a probed-risk bonding program, (2) a bond program m cooperation with other federal or state ageneles, or (3) ileyelopment of a self-insured bonilug program with adequate rescrves "'

## Amendment 7

On page 54, line 6, alter "another", msert "'nonprofit"'

## Amendment 8

On page 59, line 38 , after " (q)", msert "To proude binmual staff in connection with services of the department and make wailable
 to effectively serve all groups for which such serviees or publicentions are made avalable
( F ) ${ }^{\prime \prime}$.

## Amendment 9

On page 60, line 18, strike out ' , the '", and msert " The"

## Amendment 10

On page 64 . line 35 , strike out " (d)"

## Amendment 11

On page 65, strike out lmes 2 to 9 , incluanve and insert
"Notwithstanding the provisions of subdivision (e) a temant shall not be entutled to at hearma, as provided in thin sertiom, on the wsur of
 meacement of the heamg. has patit rent tor the fwowerk heange period to the landliord or mito an merow sterount entablahere for such purpose by the dgence "

## Amendment 12

On pare 71, between limes 35 and 36 , marert
"(f) Provide such blongurl servier and publeations or require
 as are nerenary to embure oceupancy m housing develipmunts of persons and famulion of fow on moxlenati mowne who have lmited Huency in the Enghish langitage "

Amendments 13-14
On page 80 , strike out tme ?, aml in lue + terke out "mix". and msert "fake adequate provion for all beromma and taclal spamenta of the sommunty"

Amendments 15-16
On page 94, lime 18, strike out "corporate"

## Amendment 17

On page 94, hue 99, stake out "shelll', and msert "may".

## Amendment 18

On page 96, line 6. after "ehapter", ment '", and any prospectus or other written repiesentation concerming such bonds,"

Amendment 19
On page 96 , strike out lmes 31 to " 73 . melusue, and msert "publo deposits The bonds"

Amendment 20
On page 100, lines 12 and 13 , strike out "Califoriua Housing $\mathrm{F}_{1}$. nance", and msert "Housing Bond"

Amendment 21
On page 100, line 18, strike out "erghth", and msert "second"
Amendment 22
On page 100, lme 18, strike out "June", and insert "November"

## Amendment 23

On page 100, lines 19 and 20 , struke out "direct primary", and msert "'general".

## Amendment 24

On page 101, line 2, after "act", msert '", wheh shall appear as the first proposition on the ballot'"

## Amendment 25

On page 101, line 19, strike out 'prmary", and mıert "general"

## Senate Amendments of May 1, 1975

Amendment 1
On page 14. between lmes 38 and 39 , of the printed bill, as amended in Senate Aprll 24, 1975, insert
"( J ) Restoration and rehabilitation of structures of arehitectural on historic mert.,"

## Amendment 2

On page 18 , line 12 , after "following", insert "and m the order provided below".

## Amendment 3

On page 18, strike out lines 13 through 39 , molusnee, and mse? $\dagger$
"(1) Dissemmation by mailing to property owners within the proposed rehabilitation ares at the address shown on the latest ashewment roll and by distribution to residents of the proposed partiespating eoncentrated rehabilitation area by a manner determmed appropiate by the local publue entity, of information relating to the thuc and location of meeting, boundirles of the proposed area and a grateral description of the propused rehabilitation dssistance program
(2) Holding a public meeting prior to the hearmg by the local publec entity considening selection of the area for despgation
(3) Consultation with an plected or apponted citizan advisors board, composed of representatives of owners of property in and residents of, a proposed participating concentrated rehabilation area, in developung a plan for puble smprovements and the rules and regulations for mplementation of the proposed rehabilatation assustance program
la addition to the requrement of patagraphs (1)'.

## Amendment 4

On page 21, between lines 29 and 30 . msert
"41042 "Historie preservation" means the restoration and rehabilitation of residental and muxed residental-nomresidental structures of achatectural or historie merit dengmated in a federal, state or local government register or pursuant to reguldioms of the department establishong appropracter prococlures for such designation by the department or other governmental ageney, and the relocation of such structures as necessary for thene preservation '

Amendment 5<br>On page 30, line 3, stroke out "two", and msert "three"<br>Amendment 6<br>On page 30, line 5, strike out "Assistance", and msert "Poliey Development"<br>\section*{Amendment 7}

On page 30, between lines 5 and 6 msert
"(c) The Division of ('ommunty Affars".

## Ameindment 8

On pige 38 , hane 1, after "assistance", insent "or staffing".
Amendment 9
On page 40, line $\mathbf{1 , ~ a f t e r ~ ' a s s i s t a n e p ' , ~ m s e r t ~ ' " o r ~ s t a f f i n g ' " ~}$

## Amendment 10

On page 41, hne 2. after "materials", msert ", and the services of field representatives"

## Amendment 11

On page 43, line 36, after "meluding', insert "a charperson,"
Amendment 12
On page 43 , line 39 , strike out "s sr ', and msert' 'five'"

## Amendment 13

On page 44 , strike ont lines 6 through 40 , melusive

## Amendment 14

On pare 45, strike out limes 1 through 13 , melinge, and insert
" 41302 Apponted memberv of the hoard wall be able persons broddy reflective of the ecomomic cultural, and oneml duemely if the state, inchading etline immoritios and uoluen howevel, it is not utended that formulds or specefic ratios be apphed in order the acheve such diversity Of the member apponted by the Gonemor, une shat be an elested officinl of a mity of monty engenged th the plammer or mplementation of a housing, homane dosulame redes elopment, or honsmg rehabulatation program, nue whill he prosentls in resedental a a d eatate in the having and loan mortgane bating or commereld hanking mdustry, oue whall be a bulder of reculental homang; me thall be presentle in organzed lahar of the restentide emistrution modustri, and one thatl be peqeutly in the madigement of pental homenter of it-
 Spuaker of the Asembly thall wath appoint a trmant living in rental
honsing finamped by the ageney or a persom experiented in rombeling, assistmg, or representing temants The terms of the membern mitally appointed by the Governor, the Senate Rules Commottee, and the Speaker of the Assembly shall be an follow
(a) An elected officul of a raty or comutv engaged m the plammong or implementation of a housing honhmg asobtamep, redevelopment, or housing rehabilatation program--two ream apponted by the Govemor
(b) Member pursently m revdentinl real estate m the saving and loan, mortage bankmg on commerum bankong indubtry-four yegrs appointed by the Goveruor
(c) Member who as a buidder of residental housing-six years appomted by the Govermor
(d) Member piesently $m$ organzed labor of the rosidental abnstruetion industry - two year, appomed hy the Gownruor
(e) Member piesently in the mamagement of rental hountig cocu-
 ernor
(f) Member apponited by the Speaker of the Assembly whe in a tewant living in rental homang findmeet by the aqeme or is experipnced

(g) Member apponted by the Sunate Rule Commotee who in a tenant living in rental homsung findiced by the duent of is experienced in combeling, assistmy or reprebenting tentute-1 wo vens

The term of any member of the bond apponted by the Gesprmen to serve subseguent to the pxpiration of sum an mintial term shall be six years Ans person apponted to fill a varamey on the boart whall seive anly for the remamder of the mespored teim Sutcossons tom mitally appomted members spectied in subdiromons ( $f$ ) dud ( $g$ ) whill be terrants living m rental honsmg finmoed by the agemet, if anvexists Members of the board shall, subject to contmued ganlifination be plyyble for reapponutment If a member of the board eeases to meet the glallfications specified in thin seritum, his memborntup on the bodrd shall be termmated '"

## Amendment 15

On page 47 , strike out hane 9 thrunph 11, melucire. ami masert
" 41307 The board shall appont dehan'pervom, wabject to the approval of the Secretary of the Busmess and Thampontation Aupmery who, when present, shall preside it meetmos of the boari The term of the charperson slall be five rears "

## Amendment 16

On page 55 , lime 20 , after "dintsion', marif ", provided howevel

 the agence, department or commission" "

## Amendment 16.5

 insert "other finemend mstitutamb"

## Amendment 17

On page 56, line 31, strike out "romg' and loan'.

Amendment 18
On page 56 , lime 32, strike out "dssochtions" , and incert "finanemal institutions'.

## Amendment 19

On page $\mathbf{3 6}$, strike ont line 34 , and incert " momers among those ta pes of finaneral unstitutions "

## Amendment 20

On page 65, line 26 , strike out "preponderamee", and msert "werght"'

## Amendment 21

On page 65, Jme 26 , rfter "evideuce " insert "Before a right to a hearing vests, the tenant must pay rent for the tho-weel hearing period to the owner or to an escrow debunt of the agener, if not already paid "

## Amendment 22

On page 65, line 33 , strike out "prepondeadnce", anu mert "weight"

## Amendment 23

On page 66 , strake out lmes 2 throngh 8 , indusive, and mant "The costs of any hearnig condacited puisuant to than section shall be absessed to, and pard br, the losing party as pronded in regulations of the ageney If neitlier party prevalis, the costs of the hearing shall be equitably apportioned "

## Amendment 24

On page 72 , strike out haes 32 thongh $3 \overline{5}$, melusive, and msert "chapter."

## Amendment 25

On page 82, line 16, after "Rehabihtation'", msert "and Hustora Preservation"

## Amendment 26

On page 82 , line 20, stake out the fiut romma, and uneat "and historle pleservation,"

## Amendment 27

On pane 82, lue 30 , after "'rehabiliation". niseat "ot hastorus preservation"

## Amendment 28



 presemation where becesary for the rehabiatition, icstemation, or teloration of stuctures debingated by the lom publse entity loweves, prom to grantmg a loan tor the propose of haton me paraatom, the agency shall fist detennme that the homame eponsor applymo fon asostance has made a connerted effort to oblam finducmag fiom pivate lenders with the use of a state moitguge moluruce pogram, if such exists

## Senate Amendments of May 22, 1975 <br> 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) Savmgs and Loan Commissioner
(g) Director of Benefit Payments
(h) Director of Water Resources
(1) Director of Food and Agriculture
(j) Director of Corrections
(k) Director of General Services
(l) Director of Industrial Relations
(m) Director of Motor Vehncles
(n) Director of Youth Authonty
(o) Commissioner, California Highway Patrol
(p) Members of the Public Utilities Commission
(q) Drector of Employment Development
(r) Director of Alcoholic Beverage Control
(s) Director of Tiousing 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 25 Section 16522 of the Government Code is amended to read

16522 The following securities may be recenved 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 defmed 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, mumicupal 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 addrtion, 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 Elgible 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, es 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 undeı 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 (cormmencing 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) Partucipation certficates 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 Legslature 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 signuficantly to the employment factor of Calufornia.

41002 The Congress of the United States has establshed, 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 prionty of the highest order The national housing goal, as it apples 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 contunuing 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 hustoric 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 developrnent 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) Maxımum 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 withon 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 housimg, 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.

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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 determmation 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-nnterestrate mortgage insured or purchased, or a loan made in combination with, or as augmented by, a program of rent supplements or subsidies, mterest 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 (commenemg with Section 41300) of this division.
41029. "Cause" means gross neglect of duthes, 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 antrcipated 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, er gineering, 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 intial preparation for construction or rehabilitation of a housing development.
41036. "Elderly" means a famuly 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, diviston, 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 assued 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
abulity to obtain employment or a single person with such physical disability, where the family or person requires special care or facilhties 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 prımary 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 determmes 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 facilties, such as administrative, community, health, recreational, educational, and commercial facilities, and includes child day-care facilities whuch 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 entrty, or any combination thereof, certfied 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. "Lacal 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 competituve 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 mstrument 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 savirigs 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 santary 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 etther actung 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 certfied 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 unstitution 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, therem, 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 (i) 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 Phovisions

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 pubhe 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 avaulable 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 therr 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 admimistration 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 recerve 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 convement 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 consultatıve 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 atd 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 moome, 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 identfication 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 jubdivisıon (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.
41128. 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 dissemmation of information affecting housing and community development.

41132 The department shall develop specificatons 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 guidelnes 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 pubiic 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 initrate, 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 maxımum percentage of income which may be paid by persons and families of low or moderate ncome for rent within the meanng 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 facilites in housing developments financed by the agency.
Regulations proposed by the agency in such areas of responsibulity 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 organzation or persons in securing the financial aid or cooperation of governmental agencies in the undertaking, construction, maintenance, operation, or financing of housing for Indıans, farm laborers and their familhes, 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 famulies 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 famihes 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 alf 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 chef 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 requare 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 Californa 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 withu them, upon completion, to be rented to very low ancome 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 unts 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 bath 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 impaction 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 farnily housing and housing for the elderly and handicapped, in general proportion to the needs identafied in the statewide housing plan.
(g) Minmmzation 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 alkernative 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. Coniracts 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 simular 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 politicgl subdivision or other instrumentality of the state, excepting inheritance and gift taxes.

41335 The agency and every housing sponsor shall require thar 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 withost discrimination as to race, sex, mantal 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, rehabylitation, maintenance, or repair) located in, or owned in substantial part by, persons residung 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 administratıve 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 activitres 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 assocrations 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 avaitable 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 pr rsons 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, supphers, 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, subsidnes 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. Aules 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 shail 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 renegotate, 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 msurance or coinsurance or guarantees from the federal government or from any governmental agency or instrumentality thereof, or from any private insuranec company, of the payment of principal and interest on any bonds issued by the agency. The agency may pay premiums on any sucl 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 rehabiltation
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 shalf 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 potental 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 occupled 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 trne 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 subsidnes. 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 obtainung 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 lumits 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 requured and fair market value will inure primarily to the benefit of persons and famulies of low or moderate income.
41512. (a) Upon application to the department, any city, county, city and county, or combination thereof actmg 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 airea 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 wirh 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 Admmistration 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 authonzed 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 medrum 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 apphed 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 tume 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 Californa 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 redernption 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, toigether 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 18 (commencing with Section 3527) of Chapter l 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 doliars ( $\$ 500,000,000$ ) 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 irrepealable 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 83003 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 Chapier 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 appropnated from the General Fund according to the following schedule.
(a) To the Cahforma Housing Finance Agency for its intial expenses.
$\$ 750,000$
(b) For transfer to the Bond Security Account in the Califorma 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 repard to the General Fund in the State Treasury, without interest, from all avalable operating revenues of the California Housing Finance Agency in excess of amounts required for the payment or securng 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 abovt Senate amendments to Assembly Bill No 1 by the followng vote.

| Cullen | Madily | AYES-A <br> Nestande | Thonas, Fincent |
| :--- | :--- | :--- | :--- |
| NOES-61 |  |  |  |

## MOTION TO SUSPEND JOINT RULE 28.1

Mr Chacon moved that Iomt Rule 281 be suspended to permit Senatur Behr to be apponted to the Conference Committee on Assembly Bill No 1

Jomt Rule 281 as it relates to Assembly- Bill No 1 suspended by the following vote

| AYES-63 |  |  |  |
| :---: | :---: | :---: | :---: |
| Alatore | Chne | Kerne | Pinols |
| Antonovich | Collier | Krs cor | Ralph |
| Arnett | Cullen | Knos | Siegler |
| Badham | Uasis | Lameaster | Sierot, |
| Bammat | Deddeh | L.uiterman | Suitt |
| Berman | Dixon | Locksel | Thumas, Vincent |
| Beverly | Uuff: | Stadil) | Thurman |
| Boatwright | Fenton | Hedlister | Torres |
| Briges | Foram | McTitue | Vasconcellos |
| Brown | Ganamendı | Mracile | Vicenela |
| Calvo | Gomgin | Miller | Warren |
| Carpenter | Greene | Mobley | Wison |
| Chacon | Gualco | Mort | Wornimm |
| Chapple | Hayden | Nimbio | Z'berg |
| Chel | Ingalts | Papan | Mi Speaker |
| Chimbole | Kaptoff | Ferino |  |
| NOES-None |  |  |  |
| APPOINTMENT OF COMMITTEE ON CONFERENCE CONGERNING ASSEMBLY BILL NO. 1 |  |  |  |

The Speaker appomted Messrs Chacon, Foran, and Nestande as a Commuttee on Conference concerning Assembly Bill No 1

## CONSIDERATION OF DAILY FILE (RESUMED) <br> THIRD READING OF SENATE BILLS

Senate Bill No. 2--An act to ddd Division 31 feommencing with Section 41006) th, and to repeal Part 8 (commencong with Section 37000) of Division 94 of, the Health and Safet. Code, and to repeal Section 8 of Chapter 1222 of the Statutes of 1965 . relathig to housmg. and makng an appropration thesefor, and providing for the preparation, issuance, and sale of state bonds to create a tumd to be used bi the Calfformd Housing Fmance Ageney to make loans for finameng housing developments, and providug for the submission of the bond measure to the people at a spectal election to be consolidated with the 1976 direct primary election

Bill resd third time, and presented by Mr Chacon Bill passed by the following vote.

| AYES-63 |  |  |  |
| :---: | :---: | :---: | :---: |
| Alatorie | Diven | Lanteman | Rosenthal |
| Arnett | Duft | Lewis | Sieplet |
| Banira | Eyeland | Lusher | sieiots |
| Berman | Fienton | Maddy | Smit |
| Bevels | Fooun | Scedinter | Themas, Vincent |
| Boatwright | Garamenda | McYittue | Theman Willam |
| Brown | Gogyin | Mende | Thurman |
| Calso | Gipene | 3iller | Toores |
| Canpenter | Gualeo | Moldes | Yasconcellos |
| Chacon | Hust | Mnntosa | Vieencia |
| Chappue | Hayrlen | Morr | Warre |
| Chel | Ingalls | Nimmo | Wulsun |
| Chimbole | Kaplofi | Papan | Womum |
| Cullen | Keene | Perino | Z'berg |
| Davis | Gey sor | Raluh | Mr Spenker |
| Deddeh | Knos | Robunson |  |
| NOES-8 |  |  |  |
| Antonovich | $\mathrm{Braggs}^{\text {a }}$ | Camphell | MeLemban |
| Badham | Burke | Clue | Nestande |

Bill ordered transmitted to the Senate.

## VOTE CHANGES

The followmg Member was granted unanimous consent to record his vate.

On coneurrence in Senate amendments to Assembly Bill No 1 Mr Miller, "No".

## ADJOURNMENT

At 319 pm , Speaker MreCarthy declared the Assembly adjourned unthl 11 a m, Friddy, May 30. 1975.

LEO T McCARTHY, Speaker
ANABEL FLEURY, Minute Clerk

## CALIFORNIA LEGISLATURE

## 1975-76 FIRST EXTRAORDINARY SESSION

# ASSEMBIY DAIIY JOURNAL 

# FIFTY-SIXTH LEGISLATIVE DAY ONE HUNDRED THIRD CALENDAR DAY 

## in Assembly

Assembly Chamber. Sarranaento Fridely, Ma: 30, $197 \overline{7}$
The Assembly met at 232 pm
Hon Leo T McCarthy, Speaker of the Assembly presidug 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


## PRAYER

The following prayer was oftered by the Chaplain Father Leo MeAllister,

God. Our Father, It is our hoped for god, as well is om prayer, for your help to establish a divilization founded on world soldarity

Help us to begrn a dialogue based on man and not on commoditips or technical skills May we work with and morednazations whose goal is to establish an order of peace and justree which is univernally tecognized Help us to look on all people, not just some, as brothers and susters

Each step in this dreetion 3 s one more step eloser to You. God -AMEN

## pledge of allegiance to the flag

Upon request of Speaker McCarthy, Mr Colher then led the Assembly in the pledge of allegrance to the Flag
reading of the journal dispensed with
By undnmous consent, reading of the Journal of the previous legislative day was dispensed with

## LEAVES OF ABSENCE FOR THE DAY

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

Mr Craven. on requent of Speaker pro Tempore Papan
Mr Tueker, on request of Speaker pro Tempore Papan
The following Member was granted leave of absence for the dar, on legislative busmess

Mr Meade, on request of Speaker pro Tempore Papan
The following Members were granted leaves of absenee for the ray on committee business, and desired to wave their per diem

Mr MacDonald, on request of Speaker pro Tempore Papan
Mr Murphy, on request of Speaker pro Tempore Papan

NOTE For letter explaming the absence of Mi Meade on this das on legislative business puisuant to the Ascembly, Rules uep Aispubli Diph Journal for the Regular Session for this das

## ADJOURNMENT

At 233 pm , Speaker Mc('drthy decldred the Assembly adjourned until 9 am . Monday. June 2. 1975

LEO T McCARTHY, Speaker
ANABEL FLEURY, Minute Clerk

## CALIFORNIA LEGISLATURE

1975-76 FIRST EXTRAORDINARY SESSION

## ASSEMBLY DAllY JOURNAL <br> FIFTY-SEVENTH LEGISLATIVE DAY

 ONE HUNDRED SIXTH CALENDAR DAY
## in assembly

Assembly Chamber, Sacramento
Monddy, June 2, 197.5
The Assembly met at 1221 pm
Hon Leo T McCarthy, Speaker of the Assembly, presiding
Chef Clerk James D Driscoll at the Desk
Assistant Clerk Ray Monday redding
ROLL CALL
The roll was called, and the following answered to their names- 71

| Alatorre | Colher | Knos | Pelmo |
| :---: | :---: | :---: | :---: |
| Antonovich | Claven | Lameaster | Irrolo |
| Arnett | Cullen | Lanterman | Raly h |
| Badham | Devis | 1,ewts | Fobmion |
| Bane | Deddeh | Locks er | Roventhat |
| Bandar | Divon | Maclomald | Surgle |
| Berman | Duffy | Madl? | Sieroty |
| Heverly | Egeland | MeAlistel | Sult |
| Boatwright | Fenton | McLemmin | Thomas, Yincent |
| Briggs | Foian | Mickittie | Thomav, William |
| Blown | Garamends | Mente | Thummar |
| Buske | Greene | Millar | Tolies |
| Calso | Guatco | Mobley | Vasencellos |
| Carapbell | Hart | Moutoya | Vicrucia |
| Carpenter | Hayden | Musi | Waren |
| Chacon | Ingills | Muplis | Wiknon |
| Chappre | Kapıloff | Nestande | Wornum |
| Chel | Kepne | Nimimo | Z'herg |
| Chimbole | Kessor | Papan | Mr Sueakér |
| Chine |  |  |  |

Quorum present

## PRAYER

The following prayer was offered by the Chaplam. Father Lro McAllister

Hearealy Father. As we begm each day to examme 1 ssues and discuss proposals, never let us be so distracted by the argmoent and rhetoric as to forget that we are dealing wath the lives and hivig patterns of human beings. those who have, and hidve not, but all possessing an indescribable dignty and destiny -AMEN.

## Pledge of allegiance to the flag

Upon request of Speaker Mu.Cirthy, Mr Deddeh then led the Assembly in the pletge of allegtance to the Flag

MOTION TO DISPENSE WITH READING OF THE JOURNAL
Further reading of the Jonmal of the previous legishative day was dispensed with on motion of Mr Deddeh, necomded by Mr Mmphy

LEAVES OF ABSENCE FOR THE DAY
The follownyr Members were granted leaves of absence for the day, because of 1 lness.

Mr Goggm, on request of Speaker M.Carthy
Mr Tucker, on request of Speaker MoCarthy

## RECESS

At 12, 22 pm , Speaker Mcuarthy dechred the Assenibly recessed REASSEMBLED
At 246 pm , the Assembly reconvened
Hon Leo T MeCarthy, Sperker of the Assembly, presiding

## MESSAGES FROM THE SENATE

June 2, 1975
Hon James D Driscoll
Chef Clerk, Assembly C'hamber
Dear Jim The Senate on this day suspended Jomn Rule 281 to permat Senator Behr to be appointed to the Conterence Committee on AB 1 of the 1975-76 First Extraordmary Session

Very traly yours,
DARRYL R WHITE
Secretary of the Senate

Mr Spenker Inm duected to mfonm war bonomble Imoll that the Senate ap-
 cerning

## Assembly Bill No. 1

DARREL R WHIT'E, Neratas of the Nemate
B) John W Rovane. ('hiff Asmistant Secietan)

Sphatr ('hamber June 2, 197:
Mr Speaber I am diceeted to mfonm your hononable lowh that the Senate on this das respectfolls ufised to concur in Anembin ameulments to

Senaté Bill No. 2
 felence to meet a hine committee fiom the Awenth

DARRII R WHitce, Nerietan of the Semate
Ba John Wr Rowne, C'luef Awiotint Seciptan

## ADJOURNMENT

At 247 pm , Speaker McCarthy declared the Assembly adjourned untul 9 a m, Tuesddy, June 3. 1975

LEUT MeCARTHY, Spedker
ANABEL FLEURY, Mınute Clerk

CALIFORNIA LEGISLATURE
1975-76 FIRST EXTRAORDINARY SESSION

## ASSEMBIY DAIIY JOURNAL <br> FIFTY-EIGHTH LEGISLATIVE DAY <br> ONE HUNDRED SEVENTH CALENDAR DAY

## In Assembly

Assembly Chamber, Sacramento
Tuesday, Jume 3, 1975
The Assembly met at 1026 a.m.
Hon Louis J Papan, Speaker pro Tempore of the Assembls, 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 therr names- 76

| Antonovich | Collier | Knox | $1{ }^{1}+1 \mathrm{nco}$ |
| :---: | :---: | :---: | :---: |
| Arnett | Crasen | Itancaster | [1tulo |
| Hatham | Cullea | Salutermall | Ralph |
| liane | Ihaik | Lewis | Robumson |
| Barmar | Deddeh | Locks ${ }^{\text {c }}$ | Roswnthal |
| Berman | Dram | Mise bomuld | Situgley |
| Bererls | 1)uff | Misthls | Siprots |
| Boatwright | Fenton | Michlinter | Suitt |
| Briges | Foinll | MeLaman | Thamav, Vemeent |
| Hrown | dinatamende | MleYitue | Thomics, Willom |
| Burke | Gugwin | Mrask | Thurmin |
| Crava | (ireene | Miller | Tolles |
| Camphell | Gualco | Mobles | Yataconcelios |
| Carpenter | Hatt | Mintura | Vicencir |
| Chmeon | Hascien | Murı | Wamen |
| Chupple | [uralls | Muryht | Wilson |
| Chel | Kaploff | Noctalule | Wranmm |
| Chambole | Kerue | Nimmmo | Thery |
| Chat | Key sol | Pap:a | Mr Mjpaker |

Quorum present
REGULAR BUSINESS DISPENSED WITH
By undnmous consent, the regulir order of busmess 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 diy, on legislative business, and desired to walve 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 appomted Messrs Chacon, Foran, and Nestande as a Committee on Conference concerning Senate Bill No 2

RECESS
At 1027 a m , Speaker pro Tempore Papan deckred the Assembly recessed

## REASSEMBLED

At 2.45 pm , the Assembly reconvened
Hon Lous J Papan, Speaker pro Tempore of the Assembly, presiding

## ADJOURNMENT

At $246 \mathrm{p} . \mathrm{m}$, Speaker pro Tempore Papall declared the Assembly adjourned until 9 am , Wednesday, Jume 4, 1975.

LEO'T McCARTHY, Speaker
anabel Fleury, Mmute Clerk

## CALIFORNIA LEGISLATURE

1975-76 FIRST EXTRAORDINARY SESSION

\section*{ASSEMBLY DAllY JOURNAI.

\title{

FIFTY-NINTH LEGISLATIVE DAY

# FIFTY-NINTH LEGISLATIVE DAY <br> ONE HUNDRED EIGHTH CALENDAR DAY 

IN Assembly

Assembly Chamber, Sarramento
Wednesday, June 4, 197.7
The Assembly met at 1013 a m
Hon, Louls J Papan, Speaker pro Tempore of the Assembls, pres 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 | Clue | Kersm | 1'пряп |
| :---: | :---: | :---: | :---: |
| Antonotich | Collimi | Knox | IPalito |
| Aumett | Crasan | J.amanter | 1, icho |
| Bodh, ${ }^{\text {m }}$ | Cullem | Santeiman | Ruldh |
| Bane | Towis | Sews | Resenthal |
| Bannsa | Dentieli | Latkate | Siugler |
| Berman | [hion | Macthonald | Sterots |
| Heveth | T) lff ? | Madet | simit |
| Bontwimht | Fration | atcalstuc | Thommar Vinernt |
| Briges | Folan | Mchaman | Thamas Wrillim |
| Browu | Ginammonds | Mevither | 'hatmatin |
| Burke | Gogym | Mrate | Turnes |
| Criso | Greme | Miller | Ficernem |
| Camplyell | Ginteo | Merber | Wimmen |
| Canpenter | Hint | Montusa | Wison |
| Chacon | Hing den | Mor | Wentum |
| Chanule | Iugals | Murphs | Z'hetr |
| Chel | Kapuloff | Noutande | Mr Koraker |
| Chmmbole | Kerne | Nımmu |  |

Quorum present
REGULAR BUSINESS DISPENSED WITH
By unamous coment, the resular ordn of bumess 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 Pdpan
The following Member was granted leave of absence for the day, on legislative business, and desired to wave her per diem

Mrs Egeland, on request of Spenker pro Tempore Papan
The following Members were granted leaves of abvence for the da, on personal busmess, and desired to wave ther 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 T'apan derlared the Assembly recessed

## REASSEMBLED

At $2.45 \mathrm{p} . \mathrm{m}$, the Assembly reconvened
Hon. Louis J Papan, Speaker pro Tempore of the Assembly, preslding:

ADJOURNMENT
At 246 pm , Speaker pro Tempore Papan derlared the Asspmbly adjourned untul 1 pm , Thursday, June $乞, 1975$

LEO T McCARTHY, Spenker
ANABEL FLEURY, Mnute Clerk

## CALIFORNIA LEGISLATURE

### 3.975-76 FIRST EXTRAORDINARY SESSION

# ASSEMBIY DAIIY JOURNAL <br> sixtieth legislative day ONE HUNDRED NINTH CALENDAR DAY 

IN ABSEMBLY

Assembly Chamber, Sacramento Thursday, June 5, 1975
The Assembly met at 5:16 p.m.
Hon. Leo T. McCarthy, Speaker of the Assemblỳ, presidıng.
Chef 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 |
| :---: | :---: |
| Antonovich | Culken |
| Arnett | Davis |
| Badham | Deddeh |
| Bane | Dixon |
| Banmal | Duffy |
| Berman | Egeland |
| Beverly | Fenton |
| Hoatwright | Foran |
| Brown | Garamendi |
| Bunke | Goggin |
| Calio | Greene |
| Campbell | Gualco |
| Carpenter | Hart |
| Chacon | Hay den |
| Chaprie | Ingatls |
| Chel | Kapiloff |
| Chimbole | Keene |
| Cline | Keyвог |
| Coltier |  |


| Knox |
| :---: |
| Lancaster |
| Lanterman |
| Lewis |
| Lockyer |
| MacDonald |
| Mindly |
| Mcalinter |
| MeLen'nan |
| McFittue |
| Mrate |
| Miller |
| Mobley |
| Montos a |
| Morı |
| Murphs |
| Nestanile |
| Nimmo |
| Papan |

Perino
Priolo
Ruiph
Rohnison Rosenthal Sicgler Sierots Sutt
Thomas Vincent Thomas, William Thurman
Fortps
Vaseoncellos
licenem
Warren
Wilson
Wormum
Z'berg
M: Speater

Quorum present.

## PRAYER

Upon invitation of Speaker MeCarthy, 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 AB8ENCE FOR THE DAY

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

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 MeCarthy declared the Assembly adjourned until 11 a m, Friday, June 6, 1975.

LEO T. McCARTHY, Speaker
ANABEL FLEURY, Mnute Clers

## CALIFORNIA LEGISLATURE

## 1975-76 FIRST EXTRAORDINARY SESSION

## ASSEMBIY DAIIY JOURNAL

sixty-first legislative day one hundred tenth calendar day<br>IN ASEEMBLY

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 celled, and the following answered to their names-78:

| Alatorre | Collier | Knox | Permo |
| :---: | :---: | :---: | :---: |
| Antonovich | Craven | Lancaster | Priolo |
| Arnett | Cullen | Lanterman | Ralph |
| Badham | Davis | Jewis | Rolunson |
| Bane | Deddeh | Lrockser | Roventhal |
| Bamana | Dixon | MacImand | Stegler |
| Berman | Duty | Maldy | Sieroty |
| Beverly | Egeland | Mcalister | Smat |
| Boutwright | Fenton | Mclaman | Thomas. Vimeent |
| Buggs | Foran | MeVitite | Thomme, Willam |
| Riown | Garamendi | Memie | Tlanman |
| Burke | Gogrin | Miller | Torres |
| Calso | Greene | Sobley | Vraconcellos |
| Camphell | Gualco | Montosa | Vicencia |
| Carpenter | Hart | Mort | Wimen |
| Chacon | Hayden | Murphy | Wilvon |
| Chappue | Ingalls | Nestanile | Wornum |
| Chel | Kapiloft | Nimmo | Z'herg |
| Chunbole | Keene | Fapan | Mr Spenker |
| Cline | Keysor |  |  |

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 unamimous 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 $3.22 \mathrm{p} . \mathrm{m}$, 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

# ASSEMBIY DAIIY JOURNAL <br> 8IXTY-8ECOND LEGISLATIVE DAY <br> ONE HUNDRED THIRTEENTH CALENDAR DAY 

## In ABsembly

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 | Raluh |
| Araett | Cullen | Lanterman | Robinson |
| Badham | Davis | Lewis | Rosenthal |
| Bane | Deddeh | Lockser | Sipgler |
| Bannat | Dixon | Macl bonnid | Sieroty |
| Berman | Duffy | Malde | Surt |
| Beverly | Egeland | 3feAtister | Thomas, Vincent |
| Buatwreght | Fenton | Mesaman | Thomas, Willinm |
| Brigg | Foran | McVitue | Thurman |
| Brown | Garamendı | Mrate | Torres |
| Burke | Gocgim | Miller | Tucker |
| Calvo | Greene | Mohles | Vramencellos |
| Camphell | Gualco | Montosa | Viceneia |
| Carpenter | Hart | Mors | Warren |
| Cbacon | Hayden | Murphy | Wilson |
| Cbapple | Ingalls | Nestande | Wornum |
| Chel | Kapiloff | Nimmo | Z'herg |
| Chimbole | Keene | lpapan | Mr Spenker |
| Cline | Keyeor | Perino |  |

Quorum present.

## PRAVER

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

Father, Help us to welcone each day as of it were our first, so that we mày have enthusiasm in our souls, excitement on our hearts and warmth in our dispositions.

Help us to welcome each day us if it were our last, so that we may have an urgency in our efforts, a deep concern for the world on our minds and the peace and love of God in our hearts - AMEN.

## PLEDGE OF ALLEGIANCE TO THE FLAG

Upon request of Speaker MeCarthy, 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 prevıous 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 pm , the Assembly reconvened.
Hon. Leo T. MeCarthy, Speaker of the Assembly, presiding
ADJOURNMENT
At 2:46 pm, 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 DAlLY JOURNAL

# 8IXTY-THIRD LEGISLATIVE DAY <br> ONE HUNDRED FOURTEENTH GALENDAR DAY 

## IN ABSEMBLY

Assembly Chamber, Sacramento
The Assembly met at 1008 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 | Colher | Knox | Papan |
| :---: | :---: | :---: | :---: |
| Antunowich | Craven | Lancaster | Herimo |
| Arnett | Cullen | Lanterman | Priole |
| Brdham. | Davis | Lew's | Rnlph |
| Bane | Derideh | Lockser | Romenthal |
| Вллпа: | Dixon | Maclonald | Siegier |
| Berman | Dufiy | Mnildy | Sueroty |
| Reverly | Ereland | McAlinter | Surt |
| Boatwright | Fenton | McIemman | Thomas, Vincent |
| Brown | Formin | Mc Vitte | Thomas, William |
| Burke | Garamend | Mrade | Thurman |
| Calvo | Goggin | Miller | Vnsuoncellos |
| Campletl | Greene | Mobles | Viceneia |
| Carpenter | Gualco | Montosa | Warren |
| Chacon | Hart | Mors | Wilbon |
| Chappre | Hay den | Muiphy | Wornum |
| Chel | Kapuloff | Nestnnde | Z'herg |
| Chimbole | Keene | Nimme | M1. Speaker |
| Cine | Kes вог $^{\text {r }}$ |  |  |

Quorum present
REGULAR BUSINESS DISPENSED WITH
By unanimous consent, the regular order of busimess of the Assembly was dispeused 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 absenice for the day, on personal business, and desired to wave their per diem-

Mr. Robinson, on request of Acting Speaker Nimmo.
Mr Torres, on request of Acting Apeaker Nimmo.
RECESS
At 10.09 a.m, Acting Speaker Nimmo declared the Assembly recessed.

## REASSEMBLED

At 2.45 pm , the Assembly reconvened
Hon. Robert P. Nimmo, Member of the Assembly, 29th District, presiding.

## ADJOURNMENT

At 2:46 pm., Acting Speaker Nimmo declared the Assembly adjourned untıl 9 a m, Wednesday, June 11, 1975.

LEO T McCARTHY; Speaker
ANABEL FLEURY, Minute Clerk

## CALIFORNIA LEGISLATURE

1975-76 FIRST EXTRAORDINARY SESSION

## ASSEMBIY DAIIY JOURNAL

# BXTY-FOURTH LEGIBLATIVE DAY <br> ONE HUNDRED FIFTEENTH CALENDAR DAY 

## IN AESEMBLY

Assembly Chamber, Sacramento Wednesday, June 11, 1975
The Assembly met at 1026 a.m
Hon William Thomas, Member of the Assembly, 33rd 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-75

Antonovich
Arnett Budhnm Bane
Bannai
Berman
Beverly
Bontrught
Brigg
Brown
Burie
Calso
CunpbelI
Caıpenter
Cbncon
Chappe
Cbe]
Chimhole
Clime
Quorum present.

Colher
Craven Cullen Davis Deddeh
Dixon
Dufty
Egeland
Fenton
Foran
Garamendi
Goggın
Greene
Gualco
Hart
Hayden
Ingalis
Kapilofi Keene t.

By unanimous consent, the regular order of business of the Assembly was dispensed with for this legraslative 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 Ácting 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 drem:

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 pm , the Assembly reconvened.
Hon Willam Thomas, Member of the Assembly, 33rd District, presiding.

## ADJOURNMENT

At 2:46 pm, 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

## ASSEMBLY DAllY JOURNAL

SIXTY-FIFTH LEGISLATIVE DAY ONE HUNDRED SIXTEENTH CALENDAR DAY IN ASSEMBLY

Assembly Chamber, Sacramento

Thursday, June 12, 1975
The Assembly met at 435 pm
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 | Keene | Perino |
| :---: | :---: | :---: | :---: |
| Antonovich | Collier | Keysor | Priolo |
| Arnett | Craven | Knox | Ralph |
| Badham | Cullen | Lancaster | Rohincon |
| Bane | Davis | Lanterman | Rosenthal |
| Bannal | Dedieh | Lewis | Sipgler |
| Berman | Draon | Lockyer | Sierots |
| Bererls | Duff | MacDonald | Suıt |
| Bontwrught | Egeland | Madd | Thoman, Fincent |
| Brigen | Fenton | MeAlister | Thomas, Willam |
| Brown | Foran | MeIfanan | Thurman |
| Burke | Galamendi | MeVitte | Tours |
| Calso | Goggin | Miller | Vasconcellas |
| Campuell | Greene | Mohley | Vicencia |
| Carpenter | Gualeo | Montosa | W゙arren |
| Chacon | Hert | Mori | Wilmon |
| Chapple | Hayden | Murphy | Whornnm |
| Chel | Ingalls | Nimmo | Z'berg |
| Chimbole | Kapıloff | 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 Distrıct:

Father, We live in a world of great confusion, despar and problems. We need, therefore, the strength to recognize our weaknesses and the vision to udentify 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. Antonovich then led the Assembly in the pledge of allegitace 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 $4: 36 \mathrm{pm}$, 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

# ASSEMBIY DALIY JOURNAL 

# SIXTY-SIXTH LEGISLATIVE DAY <br> ONE HUNDRED SEVENTEENTH CALENDAR DAY 

## IN ABSBMBLY

Assembly Chamber, Sacramento
Friday, June 13, 1975
The Assembly met at 2:50 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 |
| :--- | :--- |
| Antonovieh | Collier |
| Arnett | Craveh |
| Badham | Cullen |
| Bane | Davis |
| Bannai | Deddeh |
| Berman | Diron |
| Bererry | Duffy |
| Boatwright | Egeland |
| Briggs | Fenton |
| Brown | Foran |
| Burke | Garamend |
| Calvo | Goggin |
| Camphell | Greene |
| Carpenter | Gualeo |
| Chacon | Hart |
| Chappie | Fayden |
| Chel | Ingalls |
| Chubole | Kapilof |


| Keene | Pa |
| :---: | :---: |
| Keysor | Pe |
| Knox | Pr |
| Lancaster | Re |
| Innterman | Ro |
| Lewis | Ho |
| Lockjer | St |
| MacDonald | S |
| Madd | Su |
| McAlaster | Th |
| Melennan | Th |
| MeYitte | T |
| Miller | V |
| Miobley | $\mathrm{V}_{1}$ |
| Montoya | W |
| Morı | W |
| Murphy | W |
| Nestande | Z'1 |
| Nimuo | M |

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 skm, 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 withm the family of God.-AMEN.

## PLEDGE OF ALLEGIANCE TO THE FtAG

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 Mar-Douald.

LEAVES OF ABBENCE 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. Thurmân, on request of Acting Speaker Dizon,
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 DAlLY JOURNAL

# sIXTY-SEVENTH LEGISLATIVE DAY <br> ONE HUNDRED TWENTIETH CALENDAR DAY 

# IN ABSEMBLY 

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


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 Cs, O Lord, We ank You, in all our domps with Your gracious inspiration, and further us with Your continual help, that every prayer and work of ours may begm 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 the may merit the high confidence which their constituents have rested mi them, and that this state may be well and peaceably moverned, and that we, the people, may enjoy the richent blessings which You prejared 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 allegraure 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 IInyden

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

Mr. Meade, on request of Speaker Me'(arthy.

## REPORT OF COMMITTEE ON CONFERENCE

The following report of Committee on Conference was received, and read:

Assembly Chamber, June 12, 1975
Mr. Speaker - The Committer on Conference concerning.
Assembly Bill No. 1, as amended in Senate May 22, 1975-An act to amend Sections $11552,11556,16522$, and 536.51 of the Gorenmment Code, and to add Division 31 (commenchig with Section 41000) to, and to repeal Part 8 (commencing with Section 37(000) of Division 24 of, the Health and Sufety Code, and to repeal Section 8 of Chapter 1222 of the Statutes of 1965, relating to housing. making an appropruation therefor, and providing for the preparation, wsuance, and ate of state bonds to create a fund to be used by the ('alifornia Housing Finance Agency to make loans for financong housing developmonts, and providing for the submission of the bond measure to the people at a special election to be consolidated with the 1976 genetal elpution, consustiny of the undersigned members, has met, and reports that it has agreed to recommend the following :

That the amendments of the Senate be concurred $m$, and that the bill be further amended as follows:

Amendment 1
In line 1 of the heading of the promed bill, as amended in Senate May 22, 1975, after "Alatorre," insert "Arnett,"

## Amendment 2

In line 2 of the headug, 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 msert "Maddy, MeAlister, MeCarthy, McVittre, Meade, Miller, Mobley, Montoy.a, Perino, Ralph,"

Amendment 5
In line 9 of the heading, strike out "Woinum, and Ralph", and msert "and Wornum".

## Amendment 6

In line 11 of the heading, after "Gregorio," msert "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 followng.
(a) Superintendent of Banks
(b) Commissoner of Corporations
(c) Insurance Commissioner
(d) Drector of Transportation
(e) Real Estate Commissioner
(f) Savings and Loan Commissioner
(g) Director of Benefit Payments
(h) Drector of Water Resources
(1) Drector of Food and Agriculture
(j) Director of Corrections
(k) Director of General Services
(l) Director of Industrial Relations
(m) Director of Motor Vehacles
(11) Director of Youth Authority
(o) Commissomer, Califorisn Highway Patrol
(p) Members of the Public Ithlities C'ommssion
(q) Director of Employment Development
(r) Director of Aleoholic Beverage Control
(s) Director of Honsmg and Community Development

SEC 2 Section 11556 of the Govermment Code $k$ amended to read
11556 An mmual solary of twenty-five thousand dollars ( $\$ 25,000$ ) shall be pard to each of the following
(a) Director of Navigation and Oranl Development
(b) Director, Office of Einergency Services
(c) Members of the Adult Authority
(d) Members of the Board of Equalization
(e) Members of the State Water Resources C'ontrol Board
(f) Members of the Youth Authority Board
(g) State Fire Marshal

SEC 3. Section 16522 of the Govermment Code is amended to romd
16522. The following securities may be received as security for demand and time deposits:
(a) Bonds, notes, or other obligations of the Inited States, or thoue for which the faith and credit of the United States are pledged for the payment of principal and interest
(b) Notes or bonds or anv obligations of a lochl publur deyne (as defined in the United States Ifdusing Aet of 1949) or any oblyphtions of a public housing agency (as defiled in the C'nited States Ifousing Act of 1937) for which the faith and eredit of the ['nited 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 utality district. municipal water distriet bridge and highway district. flood control district. seliool district, water district, water conservation district or irrigation distrect within this state, and, in addition, revpnue or tax anticpation notes. mid revenue bonds payable solely out of the revellues frome a revenur-producing property owned, controlled or operated by this state, or such local ageney or district, or by a department. board, ageney, or authority thereof.
(d) Registered warrants of this state
(e) Bonds, consolidated bonds. collateral trust debentures, ennsolidated debentures, or other obligations issupd by the United States Postal Service, federal land banks or federal intermediate eredit banks established under the Federal Farm Joonn Aet hs amended, debentures and consolidated debentures issued by the Cestral Bank fur Cooperatives and banks for cooperatives established under the Furm Credit Act of 1933, as amended bonds or debentures of the Federal Home Loan Bank Board established under the federal Home Ioan Bank Act, bonds. debentures and other obligations of the Federal National Mortgage Association established under the National IIousing Aet as amended, in the bonds of any federal home loan bank establinhed under shid act. and in bonds, notes and other oblyations issued by the Tennessee Valley Authority under the Tennessee Valley Authoritr Aet, as amended.
(f) Bonds and notes of the California Housing Furnue Agence 19 sued pursuant to Chapter 7 (commencing with Section 41700) of Part 3 of Division 31 of the Health and Safety ('ode.

SEC. 4. Section 53651 of the Goverument ('ode, as amended by Section 4 of Chapter 464 of the Statutes of 1973 is mimended to read
53651. Eligible securitues are any of the followingr
(a) United States Treasury notes, bonds. bills or vertficates of mdebtedness, or obligations for which the fath and eredit 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 (ds defined in the United States Housing Act of 1949) or any oblypatmons of a publie housing agency (as defined in the United States Housu'g Act of 1937) for which the fath and credit of the United States are pledged for the payment of promenal and interest
(c) Bonds of this state or of any local agency or distuet of the State of Cahiornia having the power, without limit as to rate or amount, to levy taxes to pay the promemal and unterest of such bonds upon all property within its boundaries subject to taxation by such local agency or district, and maddition, sales tax revenue bonds and revenue bonds and other obligations payable solely out of the revenues from a revenue-produeng property awned, controlled or operated by such state, local agency or dastrict or by a department board, ageney or authority thereaf
(d) Bonds of any public housing agency (as defined in the Tnited States Housmg Act of 1937, as amended) as are secured by a pledge of amnual contributions under an annual contribution contrict between such public housing agency and the Puble Housing Admmistration if such contract shall contam the covenant by the Public Housing Admonstration which is authorized by-subuection (b) of Section 22 of the United States Mousing Act of 1937, as amended, and if the maximum sum and the maximum period specified in such contract pursuant to sad subsection 22 (b) shall not be less than the annual amount and the period for payment whell are requasite to provide for the payment when due of all installonents of prinempal and interest on such obhgations
(e) Registered warrants of this state
( (f) Bonds, consolidated bonds, collaterd trust debentures, consoltdated debentures, or othen oblygations issued by the Tinted States Postal Service, federal land banks or federal intermediate credit banks establislied under the Federal Firm loan Act, as amended debentures and consolidated debentures issued by the Central Bank for Cooperatives and banks for cooperatives establashed under the Farm Credit Act of 1933. an amended, bouds. or debentures of the Federal Inme Loan Bank Board established under the Federal Home Joan Bank Act, bonds, debentures mad uther obligations of the Federal National Mortgage Association or of the Government National Mortgaye Assoriation established under the National Ilousing Act, ats amended, bonds of any federal home loan bank establashed under said rect, and oblgations of the Temessee Valley Authority.
(g) Notes, tax anticipation warrants or other evidence of indebtedness issued pursuant to Article 7 (commpnemg with Section 53820), Artucle. 7,5 (commenemg with Section 53840) or Article 7.6 (conmencing wath Scetion 53850) of thas Chupter 4
(h) State of Califorma notes
(1) Bonds, notes, certuficites of indebtedness, warrants or other oblugations 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 stute 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 revenneproducing source owned, controlled or opernted thereby; provided such obligations issuad by an entity described in subsection (1) are rated m one of the three highest grades, and such obligations issued by an entity described in subbsection (2) are rated in one of the two highest grades by a nationally recognized investment service orgamzation that has been engaged regularly in exting state and municipal issues for a period of not less than five yeurs.
(j) Obligations issued or guaranteed by the International Bank for Reconstruction and Development, Inter-Ameriean 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 Californin Housing Finance Ageney 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 repeded on the operative date of Section 53651 of the Govermment Code as amended by Sertions 5 of the chapter amending this section at the 1973-74 Regular Session

SEC. 5. Section 53651 of the Government Code, us dmended bv Section 5 of Chapter 464 of the Statutes of 1973, is mmended to read53651. Eligible securities are any of the following.
(a) United States Treasury notes, bouds, bills ar certificates of indebteduess, or obligations for which the faith and credit of the Inited States are pledged for the parment of principal and interent
(b) Notes or bonds or any obligations of a local publec ageney (as defined in the (Inited States Housing Act of 1949) or any obligations of a public housing agency (as defined in the Inoted States Housing Aet of 1937) for which the faith and credit of the Iimited States are pledged for the payment of primeipal and interent
(e) Bonds of this state or of any local hapency or district of the State of Califomia having the power, without limit as to rute or amount, to levy taxes to pay the primeipal and interest of such bonds upon all property within its haundaries subject to taxation by such local agency or district, and in addition. salles inx revenue bonds, and revenue bonds and other obligntions payable solely out of the revenues from a revenue-producing properiy owned, controllod or operated by such state, loral ngeney or distrixt or by a department, board, agence: or authority thereof.
(d) - Bonds of any public housing ageney (hs defined in the I'nited States Housing Act of 1933, $x$ amended) as are secured by a pledge of annual contributions under an unatal contribution contract brtwern such publie housing ageney and the Public Housme Admonetration if such contract shall contain the covenant by the l'uble Mousing Administration which is authorized by subsection (b) of Secthon 22 of the United States Housing Act of 1937, as amended, and if the
maximum sum and the maximum period specified in such contrs: pursuant to said subsection 22 (b) shall not be less than the annu.? amount and the period for payment which are requisite to provide "o. the payment when due of all installments of principal and interes on such obligations
(e) Registered warrants of this state.
(f) Bonds. consolidated bonds. collateral trust debentures. ennser" dated debentures. or other oblipations issued by the I'nited Erata Postal Service, federal land banks or federal intermediate eredit braiestablished under the Federal Furm Lom Aet. as amended deberi:, $=-$ and consolidated debentures issued by the Central Bank for Cor, tives and banks for cooperatives established under the Faven © - . . Act of 1933, as anended, bonds. or debentures of the Federal fist. Loan Bank Board established under the Federal Home Lanni $i_{i}$ Act, bonds, debentures and other obligations of the F'ederal सati.. Mortgage Association or of the Government National Mortgage Aं, ciation established under the National Housing Act, as ameaded, bard of any federal home loan bank established under suld act, and $0 \div \%$ tions of the Temnessee Valley Authority.
(g) Notes, tax anticipation warrants or other evidence of indeerer: ness issued pursuant to Article 7 (commencing with Section 3 ong ) Article 7.5 (commencing with Section 53840) or Artinle 7.6 (commures: ing with Section 53850) of this Chapter 4.
(h) State of California notes.
(i) Obligations issued or graranteed by the International Bunle ${ }^{*}$ Reconstruction and Development, Inter-American Development Bicu, and the Govertment Development Bank of Puerto Rico.
(j) Participation certificates of the Export-Import Bank of ti. 2 United States.
(k) Bonds and notes of the California Housing Finance Agan, issued pursuant to Chapter 7 (commeneing with Section 4170?) Part 3 of Division 31 of the Health and Shfety Code

This section shall become operative ca January 1, 1976.
SEC. 6. Part 8 (eommencing with Section 37000 ) of IDivisio, is of the Health and Safety Code is repented

SEC. 7. Division 31 (commencing with Section 41000) is eddea the Health and Safety Code, to read:

## DIVISION 31. HOUSING AND HOME FINANCE

## PART 1. STATE HOUSING POLICY ANDGENERAL PROVISIONS

## Chapter 1. Leglslative Findinas and Declamations

41000. This division shall be known and may be cited us the Fife: vich-Moscone-Chacon Housing and Home Finance Act.
41001. The legislature finds and declares that the subject of houning is of vitul statewide importaner to the health, sufety, and wol! so of the residents of this state, for the following reateons.
(a) Decent housing is an exsential motivating force in helping people heheve self-fulfilhnent in a free and democratic society.
(b) Unsanitary, unsafe, overerowded, or congested dwelling decommodations constitute conditions which cause an merease m, 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 arheve a healthy state economy and to avoid an unacceptable level of unemplorment
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 attuinment of this goal is a priority of the highest order The national housmg goal, as it applies to Califorma, is deserving of adoption by the Legislature, with the accompanying commetment 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 euviromment 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 fulfilment of such need, the absence of effective private-public mechanisms designed to engender and facilitate a partuership approach to housing, and the absence of effective subsidy programs designed to reach very low-income households and other persons and famblies of low or moderate income

41003 The Legislature finds and declares that, as a result of public actions moolving highways, public faculities, and urban renewal projeets, 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 famulies 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 communties Private puter. prise and investment, without the assistance contemplated in this division, is not disposed to provide, nor can it economicallv achieve. the needed construction of decent, safe, and samtary housing at rentals wheh persons and famulies of low and moderate uncome pan afford and the urgently needed rehabilitation of existing housing

In order to remedy such housing shortages, it is necessary to implement a publice program incorporating the following plements and gorls
(a) A reduction in the cost of mortgare finaucing for rental housing to provide lower rent for persons and familes 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. famlies of low or moderate income.
(c) The availabilty of morterge financing in peographical areas in which private lenders have been unable or unwilhing to commit sufficuent funds for residential lending.
(d) The provision of assistance and encouragement with respect to residential construction and rehabilatation by privatre enter prise which will house persons of varied economic means in the same stiuctures and neighborhoods thereby alleviating and contributing to the permanent elimination of slum conditions.
(e) An increase in the supply of housing avalable to the elderly and handicapped and large families.
(f) Encouragempat and assistance of housing nud voumunity development in rural areas and among Indian residents of the state.
(g) Encouragement of mutual self-help housing projects, home management truining, 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 finnucial remources. statistical data, and techuical assistance nceded to assist them in meeting housing needs within thear respective jurisdictums. 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 ageney 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 encourare the arailability of adequate housing and home finance for persons and families of low or moderate ineome, and to develop viable urbal and raral communities by prowding decent housing, puhaneed living enviromment, and imerensed economic opportunties for persons and fanilies of low or moderate neome The exerense of the powers speciffed in this division will be in ull respects for the benefit of the people of the state, for thew well-beng and prosperity, and for the mprovement of their socind and economic conditions Therofore, this division shall be liberally construel to effect its purposes
4100. The Legishature finds and derlares that full cooperation and coordination with the citien and counties of the state in meeting the housmg needs of the state on a level of govermment which is as elose as possible to the people it serves is essential if workable housing programs are to be developerl and implemented.

41000 The Lergiblature finds and derlares that a number of federal housing programs have faled to reach the fundamental gorls and purpores for which they were established, especially m urbun areas. In Califormia, this failure has oftern been related to madequate consideration of the relationship between housing and the rommumty in whith the homing is located.

It is the intent of the Legislature in macting thes division to seek to avoid such failures by providng o comprehensive and balanerd approach to the solution of housing problems of wiy low-meome households and persons and famlifs of low or moderate meome in the state.

It is further the mitent of the Legislature to provide a program whidh gives consideration, not only to the production and financing of housing, but also to the socid and aesthetic impact of such housing $A$ Califorma housing progtam must consider the distribution throughout the state of such housing is may be assisted pursuant to this divasion, the avondance of mposed econome, ethne, and ricial solation or concentration, an emphasis on superior desian, including the seale and location of such housing, the preparation of commumites 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 meome groups to central-city areas to provide economic integration with persons and families of low or noderate meome in surh areas
41007. The Legaslature finds and declares that the large equities that the majority of California residents in most economie strata have now accumulated in single-family homes nust be protected and conserved.

41008 Nothing in this division shall authorize the imposition of controls on rents for housing umits not financed pursuant to this division.

## Chatter 2 Definitions

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

41021 "Affirmative action" means any proyram ereated pursuant to rules and regulations of the agency to create greater job oppottunities for members of disadvantaged racial sexual, religious, ancestral, or national-origon groups Such program shall melude edurational, promotional, and other appropriate aetivity designed to secure greater employment opportunity for the members of such groups

41022 "Affirmative maketing prorram" means any program approved by the agency that is designed to achleve greater aceess to housing opportunities ereated by this division for members of disedvantaged racsal, sexual religions, aucestral or mationalorigin groupa Such program shall include educational, promotional. and other appropriate activity designed to secure greater housing opportunities for the members of such groups. Where a siguticant number of persons in a community have limuted fluencr in the English langunge, publuations implementing an affirmative marketing promram mat communty shatl be provided in the native language of such persons
41023. "Affordable rent" means rent not in excess of the percentuge of the pross incone of the occupant person or family established by regulation of the agency and not in execss of market rent Such percentare shall be established at not more than 25 pereent nor less than 1.5 percent of gross income as will best serve the purposes of the dix usion The agency shall, by regulation, adopt criteria defining. aud providug for determination of, gross income and rent for purposes of this section, which shall be consistent with pertunent regulations of the Uuted States Department of Housing and Urban Development or other federal law with respect to developments anded by the federal government,
41024. "Agency"' means the Ctifornia Housing Finance Agency

41025 "Assisted housing" means housing financed by a belowmarket interest rate mortgage insured or purchased, or a loan made, by the Secretary of the Imited Staten Department of IIousing and T'rban Development or by the Farmers Home Administration of the C'nited States Department of Agriculture or a market-mterest-rate mortgage insured or purchased, or a loan made in combination with, or as angmented 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 lnw to serve percons and families of low or moderate income; or a mortgage or loun made purmant to this division; or a mortgage or loan from any private or publie source with an interest rate and terms satisfactory to the apency and which will meet the requirements and purposes of this division.

41026 "Relow-market interest" means a below-market interest rate adeyuate to return to the rgeney sufficient meome to met its obligations, resprye refuirements, ad expenses remmected with n loan financed by the ggency for which such interest rate is established as determined by the agency at the time of commitment of funds, for the permanent financing.

41097 "Board" means the board of directors of the aqeney.
41028 "Bonds" megns bonds, notes (including ronstruction loan notes), debentures, interim certifientes, or other evidences of finameial indebtedness issued by the agency pursuant to Part 3 (commenting wath Section 41300) of this division.

41029 "Crase"' medus gross neglect of duties, fraud, or violation of Section 41304 or Section 41305
41030. "Citizen partuipation' means action by the local publir entity that is approved by the arency as sufficient to provide persons who will be affected by finaneing insistance under the provisions of Chapter 6 (commencing with Section 41550) of Purt 3 of this division with opportumties to be mrolved mplaming and earrying out the financing awiotance program "(citizell partuphitum" shall melude, but not be limuted to, all of the following and in the order provided below.
(1) Holdug a puble meeting prior to the hearmg by the loent puble entity considering selection of the area for designation.
(2) Consultation with an elected or appointed citizen advisory board. composed of representatives of both owhers of property in. and residents of, a proposed partiepatmg eoneentrated rehabilitation area, in developing a plan for public mprovements and the rules and regulations for implementation of the propowd rehabilitation assitanee promram
(3) Dissemination at least seven days prior to the orminal hearing by maling to property owners within the propowed rehabilitation area at the address shown on the latent asesesment roll and by distributmg to remalents of the proposed particupating woncentrated rehabilation area by at maner determined approprate by the local mublic entity, of information relatmg to the time and locntion of the hempong, lomadaries of the proposed area, and a gencral desseription of the proposed rehablithtion assibtance program

In addition to the requirements of paragraphs (1) to (3), inclusive, any other means of citizen involvement determued appropriate by the legislative body of the local public entity may be mplemented.

Public meetings and consultations held to implement the requirements of citizen partscipation shall be conducted by a plaming or rehabilitation official designated by the legislative body of the local public entity Public meetings shall be held at times and places conventent 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, accountmg, consultmg, and other fees paid or payable in connection with the planning, execution, and financing of a housing development and the finding of an elggble 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 durng construction or rehabilitation.
(f) The cost of construction, rehabilitation, reconstuction and fixtures, medical facilities, furnishıngs, equipment, machimery, apparatus, and similar facilities and equipment related to the real propeity.
(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 m 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 gogency for working "apital and for reasonable reserves set aside to defray unanticipated additional development costs.
(J) Necessary expenses incurred in connection with intial oreupanty of a housing development, including reserves for any huticipated operating deficits to be incurred during the construction period and the intial years of oceupancy.
(k) Repayment of a development loan.
(I) The eost of modifying a housing development or strupfure so that it. is accessible to and convenient for the elderly or handirapped.
(m) The cost of such other items, including tenant and homeowner relocation and tenant and homeowner connseling, as the agency shall determine to be reasonable and necessary for the development of a housing development.

The statement of a sperific cost item within this section shall in no Way imply a requirement that the ageney finamee that item in making a loan on any housing development. Development rosts shali not include any greater portion of the total cost of a housing devilopment owned by a limited-dividend housing sponvor 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 lodn. made prior to the granting of a construction loan, for planning, acequisition 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 rost of nepestary tudies, survevs and governmental permits, and the cost of sach other thems as the arency deems reasonable and neressary for the mitial 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 facolitate participation in other municipal, state, or federal programs.

41087 "Financial interest" has the same meaning as speciffed in Section 87103 of the Government Code

41038 "Fund" means the California IIousing Fimance Fund
41039. "Goverumental agency" means the ['mited States of Amerira, the State of C'aliformia, any city, county, or city and county within this state and any departnent, divison, publu sorporation, or public agence of this state or of the l'nited States, or two or more of such entities acting jointly, or the duly constituted goveriming body of an Indian reservation or rancheria

41040 "Guaranteed taxable bonds" means tamble bouds secured by a pledge of the full faith and ercdit of the T'nited States for the payment of the prinelpal, meterest and any redemption promiam on bonds issurd under the anthority of this division Where the fideral giarantees are for less than 100 percent of the liability, muinicipal. state, or private guarantees, bond msurince, or morigage msuance shath cover the amount not backed by the federal goveriment
41041. "IIandicapped" menns a famly in which the head of the household is suffering from an orthopeduc disability imparing pervonal mobilty or a plysucal disability affecting his or her abolity to obtain employment or a single person with atioh pleworal disabilaty, where the famaly or person reguires pectal rare or facelities in the home "Ilandrapped" also meludes a fammy in wheh the head of household suffers from a developmental desabilaty sperofied in subdivision (h) of Section

38003 or a mental disorder which would render him or her eligible to participate in programs of rehabilitation or somal services conducted by or on behalf of a public agency, or a sugle 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 ressdental structures in good condition. for the provision of housing which is finaneed pursuant to the provisions of this division for the primary purpose of providing decent, safe, and sanitury housing for persons and families of low or moderate income "Housing development" also means housing financed pursuant to thes part for rental occupancri 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 fininced 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 famulies of low or moderate meome is a primary goal. A housing development may include my buildings, land, equipment, facilities. or other real or personal property whech the agency determines parsuant to its rules and regulations to be necessarv or convenient in connection with the provision of housing pursuant to this division. meludung, but not limited to. streets, sewers, utiluties, parks, site preparation, landscaping, and other nonhousing facihties, such as administrative, communty, health. recreational, educational, commercial facilities, and child-care fachlities which the agener determines are an integral part of a housing development or developments

41044 . "Housing sponsor" means alyy individual, jont 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 ragulations of the agency as qualified to either own, construct, acquare or rehabilitate a housing development, whether for profit, nonprofit, or organized for hmited profit, and subject to the regulatory powers of the drency pursuant to rules and regulations of the agency and other terms and conditions set forth in this division "Housing sponsor" includes persons and familhes of low or moderate income who are approved by the ageney as eligible to own and occupy a housing development and individuals and legal entities receivng neighborhood improvement loans through the ageney

41045 "Limited-dividend housing sponsor" means any sponsor which owns a housing development and whose profit or cash veturn is limited pursuant to Section 41482 and regulations adopted by the board pursuant thereto
41046. "Local housing agent" means a city, county, eity 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 louns 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, enty and county, the duly constituted governing body of an Indian reservation or rancheria, redevelopment dgency organzed pursuant to Part 1 (commeneng with Section 33000) of Division 24, or housing authority organized pursuant to Part 2 (commeneng with Section 34200) of Division 24, and also meludes any state dgency, public district or other political subdivision of the state, and any instrumentality thereof, which is authorized to engage in or ussist in the developmpnt or operation of housing for persons and famulies of low or moderate income "Local publie entity" also meludes two or more local public entities reting jointly
41048. "Market interest" means, exerpt with respect to neighborhood improvement loans, the mterest rate determmed by the agency. pursuant to ats rules and regulations, to be the lowest interest rate gencrally available on the private market for contructam loans, loms for new sugle-family housing. ap,rtinent project loans, or loans on existing housing, as the ease may be, at the time of conmmitment of funds by the agency In the case of nelghborhood improvement loans, "market interest" shall mstead mean an interest rate fixed br the ageney, not exceeding 10 percent dmund interest nor exceeding the interest rate puid on bonds 1ssued to finance the lorn by mote than? percent

41049 "Market rent" means the monthly rent established by the ageney as competitive accordmg to its arm regulations, except where federal regulations proxide a required method of determunng market rent Determination of market rent may be reviewed ammalls upon application by the mortgagor, nubject to apphable federal regulations, if anv

41050 'Metropolitan ared" mpans a standard metropolitan statis-- tical area as established by the United States Office of Mamagement and Budget

41051 "Mortpage" mems a mortgage, deed of trust, or other mstrument which is a lien on real pronerty "Mortgaqe", meludes the note secured by sueh an mitrument
410.31. " "Mortgage defirient ared" medm an dred wher" private
 or refinanomg of new, existug, or rehabilatated honsing developments,
 condituon or quality of the hounang stoek in the ared

41052 "Mortgage loan'" menan a lony-term loan which is suatired by a motgage and is made for permanent finamemg moludug rofinameing of existing mortgite oblyatums as athorized be regulation of the agener, of a housing development in the state

41053 "Mutual self-help housnug'" merm whented houning for wheth persons and familues of low or moderate uneme vontribute then own labor in medridual or group efforts to monde derent, affe, and
 the housing

410535 "Neighborhood mprovement loan" means a loan made for rehabilitation and improvement of a structure in a parturpating concentrated rehabilitation ared or partwipating mortgage funds assistance
area pursuant to Section 41554 Notwithstanding other provisions of this part such loans shall not be utilized for the acquistion 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 Tatle 1 of the Corporations Code or a cooperative houving corporation, as defined in subdivision (a) of Section 17265 of the Revenue and Taxation Code, which is certified by the agency as uudified to own a housing development

410555 "Owner-occupied housing development" means a housing development containg 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 sucume" means persons and families deemed by the agency to be unable to pay the amounts at which unassisted private enterprise is providing buitable, decent, solfe, and sanitary housing The ageney shall adopt requatations establishng 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 developmy such criterid, factors such as the following shall be taken mito con-sideration-
(a) The amount of the income of such person or family that is avalable for housing needs.
(b) The size of the household
(c) The eost and condition of available housing.
(d) The cligibulity of such persons and families for federal housing assistance of any type
"Persons and famitus of low or moderate meome" includes yery low-meome households, but does not include those persons and familnces whose saving or assets, or whose munal meome in combination with such savings and assets, is suffieient to emable them to obtam and mamtam decent, safe, and santary housing, without undue finamend burden, as determmed by regulations of the ageney
"Persons aud fambies of low or moderate meome" meludes persons and fambies of low, moderate, or middle meome, is upectied in Sertions
 93-383)

Income limitations established pursuant to thin divisum for porsomb and famines of moderate income shatl not excred 120 poreent of area median income as estumated by the aerney from tome to thas, provided. however, that persons and familes woth mumes over the ared medan meome, but not exceeding 120 perrent of the arid median meone. may be dengenated as persons and famber of maddin mome for any purpose of this divasion to distingush buch pertoms and famhes from other persons and families of moderate meome Ineome limitations for persons and famalies of low income shall not exceed 80 percent
of the area median income However, the agency and the department jomtly, or eather acting with the concurrence of the Secretary of the Busmess and Trasportation ancucy, may modity such neome limitations, upon a detorinantion that they are too low in a particular gecgraphe drea, to qualhly pelsont, and fambics of low or monderate income for oeceponcy of houshag finumed pustudat to Part 3 (enom-

 Nothing in thes section shall present the agency from adopteng foderal



S1057. "Qualfied mortage lende" means a mortrage Inder cerfified by the agency, pursuant to rules and regulations thereof, 10 do busmess with the agency Such a mortgage lender may be a bank or trust ecmpany, mortgate bauker, federal- ur statecharteicd savings and loan asscoiation, sorvice corporation, of other finaneld mstitution or governmental agency which is deemed enpable of providug servee or otherwise arding in the finameng of eonstructum loans and mortgage loans, and nothing in any other poonsion of state law shall prevent such a lender or governuental agency from sem vinp da a qualified mortgage lender under thas durnon A "qualified mortgage lender" that is determuned by the agency to have noluted sate law ar the terms of any agreement with the agency shall be promptly deentifed

41028 "Zeal properyy" menns all lands, milurlug mprovements and fixcures thereon, and porperty of any nature appurtenant therero or used in connecion therewith, and evely entale, intereat, und right, legal or equabile, therem, meludng Teacholla, terms of sears, and liens by way of judsillent, mortgage, or otherwise

410s'j. "Rehabilitation'" nieans iepuirm and improvemeats to a dwelling umt necessary to make it an attractive, decent, safp, and samtary dwelling which rieets applecable state and local building and housmg standards

41068 "Sexis" o "remials" mean the chavgen phad by the persons and faminas of low or moderate meome for oceupancy in a housmg development assisted under thes division whether the nuts are iented or operated as a comperathue

410625 "Residemal stiduture" means a real peopert, mprovement used, or intended io be u-ad, for residentmin or muxd imadeutial and commerctal purposes, of fos commerval purposes if, m the fudrmem of the igancy, it is an mingenl patt of a residment notehberthond

41063 "Rales", "renalaitens". or "rules ami parnlatmon" monn
 of Part I of Divigion 3 of Titie 3 on the fiovernment Code All urgula-

$4155 \%$. "Rural area'" mean aty apen comatry, or any place, town,
 and wheh (1) has a pobuiqion not in exerss of 2.501 intabutants, or (2) has a populaion ha exeess of 2,500 but not hexcess of 16,090 if in
is rural in character, or (3) has a population in excess of 10,000 but not in excess of 20,000 , and is not contaned within a standard metropolitan statistical area This definition may be changed by the agency to conform to ehanges in federal programs

410645 "Rural mortgage area" means an area outside any city, metropolitan area or urban county, as such tarms are defined by Section 102 of the Housing and Community Development Aet of 1974 ( P L 93-383).
41066 "Subsidy" means any financial assistance spceifically proryded by a governmental agency for the benefit of persons and families of low or moderate income, which is paid to an oeceupant of housing financed pursuant to this part for housmg costs or which reduces surin 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 politieal subdivision thereof
41067. "Very low-income households" means (1) persons and fanulies whose incomes do not exceed the qualifying limits for very lowincome famulies established pursuant to Section 8 of the Turted States Housing Aet 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 meome limitations shall be made to compensate for family size variations.

## Chapter 3 General Pronisions

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 3 indiction, the deosion shall not affect or impair any of the remaining provisions
41081. The Secretary of the Business and Transportation Agency shall be responsible for allocating finane tal and and contributions made available drectly to state goven nment or to the agency by any ugency of the United States for the purpose of subvidizing honsing for persins and fanilies of low or moderate income Housing subsudes shall be first allocated to the agency Only after the Secretary of the business and Transportation Agency has determined that the ageney has sufficuent subsidies for ats purposes may housing subsidies be allocedted to other divisions of state governinent.

Nothing in this diviston shall preelude the establahment of direct relatomships between the federal govermment mid locel publie entities or shall in any way alter the anthority of local publir entitien to duectly receive federal funds, nor shall anything in the devion be camstnued to supersede or affect any other pronsion of haw relatimy to the rontrol of funds by local public entaties Funther, nothing in tha disinom shall affect the authority or educe the oblyations sperified in ('lapter 16 (commencing with Section 7960) of Diveson 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 avalable to any goveromental 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 ard the department shall closely coordinate therr actrvities to assure that the goals and purposes of thas division are realized.

41083 Nothing in this division, except Part 4 (commenciny wath Section 41800), shall be construed to authorize the ereation of a debt or liability of the state withon the meanng 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 Communty Development is hereby continued in exastence in the Busmess and Transportation Ageney

41101 The department shall be admmistered by an executive offiecr known as the Director of Housing and Communty Development The director shall be appointed by the Governor, subject to confimation'by the Senate, and shall hold office at the pleasure of the Governor The director shall recenve 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 I of Division 3 of Title 2 of the Goven mient Code apply to the department, and the director is the head of the department withon the meaning of such provsions. The durertor shall perform all duties, exercise all powers, discharge all tesponsibility, and admmister and enforce all laws, rules, and segulations under the gurshiction of the department The director shall keep all books and terords nerphany for moper and efficient administration of the department

41103 The Governor shall appont, upon the tecommendition of the director, a deputy director 'The deputy durector shall hold office at the pleasure of the director and shall receave a salaty as shatl be fixed by the director with the approval of the Department of Finance
41104. The work of the department shall be divided mite the following three divisions.
(a) The Division of Codes and Stambards
(b) The Division of Researeh and Polvy Developnemt
(c) The Division of Commmoty Affars

41105 Each division shall be in the charge of a chief. under the direction of the durector The chiefs slicll be apponted, upon reromnu'ndation by the director, by the Governor. Such division chiets thall hold office at the pledsure of the director, and shall receme a wary is 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 hdve an official seal and to alter it at pleasure.
(e) To molke and execute contracts and all other instruments necessary or convenient for the exercise of its powers and functions
(d) To employ architects, planners, engineers, attomeys, tecountants experts in housing construction, management and finame and such other advisers, consultants and agents as may be necessary in its judgment for the performance of its functions and to fix their compensition in accordance with applicable law.
(e) To provide advice, technical information, and consultative and 'technical services is 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 нecept gifts or grants or loans of funds or property or financid or other and from any federal or state agency or private soure and to comply with conditions thereof not contrary to law
(h) To enter into arpeements or other transactions with anv governmental tgency, including an ugreement for administration of a housing or community development program of the governmentel dgenes by the department, or for administration by another rovernmental agency of a program of the department, either in whole or in part.
(1) To enter such agueements and perform such acts as are necpssary to obtain subsidies for use in connection with the exereise of powers and functions of the department, and to transfer such subvidies to others as required by any such agreement.
(J) To appear in its own behalf before boards, commissions, departments, or other arencies of loenl, state or federal government
(k) To pstablish such regional offices as deemed necessarv to effertuate the department's purposes and functions
(1) To acquire real or personal property, or any interest therem on ether a temporary or long-term basis, in its own name by gift purchase transfer foreclosure. lease, option. or otherwise, including e,spments or other incorporeal rights in property
(m) To provide bilongual staff in connection with servies of the department and make available departmental publcations in a language, other than English, where necessary to effectively werve groups for whech such serviess or publedtions ate made availible
(n) To do any and all things necessary to carry out ith purposes and exerese the powers expreasly pranted be this divion

41108 The department shall be the prinelpal atate departurnt issponsible for coordineting federal-state relationships in housing and commonte development, except for housmg finance The department shall rontmually evaluate the impart upon the state of fecletal polecies and prorramb dffecting housing and communty development and encourare full utiluation of federal programs avalubla for annting the resodents of this state, the provate houmg mostry. and lowal publuentities in satisfying lousing and communty 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 pecessary to meet the need for housing and community development in the state
(b) An annual report of the operations and accomplishoments of the department, and of other state departments as they affect state housing and community development activities
(e) 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 Cahfornia 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 agenctes of the state Subsequent to environmental review and a review of consistency with other state plans by the State Office of Planning and Researeh it shall be referred by the commission, together with the commission's eomments, to the Legnslature for review, revision, and adoption as the Calnfornia Statewide Housing Plan Upon enaetment it shall serve as a state housing plan for purposes of the Housing and Commonity Development Aet of 1974 (P L 93-383)
41126. The California Statewide Housing Plan shall ineorporate a statement of housing goals, policies, and objectives, as well as the following segments-
(a) An evaluation and summary of housing monditions throurhout the State of Californa, with partucular emphasis upon the availability of housing for all economic segments of the state Such evaluation shall include an andlysis of all areas outside metropolitan areas, which may be divided moto one or more multicounty areas by the department, and rural areas, as defined and devignated by the Bureatu of the Cemsun of the United States Depurtment of Commerce rather than as defined in Section 41064, of eaph metropolitan area, and of each regronal planumg area designated by the State Office of Plaming and Research or br the United Statea Department of Howsing and Trban Development The evaluation shall include an analysis of the existing distribution of housug by type, size, grons rent, value, and to the extent data is avalable, condition, and of the existmg distrabution of households by gross meome, wize, and ethule character for earh such area and region in such form as to present for each connty, area and region the number of rooms, gross meome, household size, and rent or valne prosstabulated in a smgre table.
(b) IIousing development gronls for the 197.-76 fisorl venr and projected four additional fineal yeam alpad Such grosk shatl be pstrbli-hed as the minnי"um number of unts neapesary to be built or rehahintated by July 1,1980 , 1 order to provide suffictent houning to house all ressdents of the state in standard, unerowded unts in sutable locations
(e) Goals for the provision of housing ansutamer for the 197-76 fiseal wear and projected four additomal fispal years ahead such goals shall be established as the mumum number of houselolds to be assisted
which will restult in achieving by July 1, 1980. a substantial reduetion in the number of very low-income households and other persous and famines of low or moderate income eomstramed to par more than 2.3 percent of their gross meome for housung Tucome groups to be considered in establishang such goals shall be designated by the department and shall include houreholds a sugnfiednt number of whinh are requred to pay more than 25 percent of their gross meome for housing on the effectuse date of this seetion, as determined by the department
(d) An identification of market constramts and obstacles and specific recommendations for their renoval
(e) An analysus of state and local housing and buiding codes and their enforeement Such analusis shall melude 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 artion which will contribute to the attainment of honsing goalh established for Califorma.
41127 The department shall ammally update and provide to the commission, for review, comment, and submission to the Legislature, a revision of the Califomia Statewide Hounng Plan Sueh proposed revision shall become effective on July 1 of the year following its submision, but if superseding legiclation is chaptered prior to July 1 of the year following such submssion, the revised plan shali not take effect prior to the effective date of the supersedme legidation Anmual revisions proposed by the department shall contain the following secgments:
(a) A comparison of the housing gonls for the prepedimg fisedl year with the amount of construction and relabilitation achieved and bonsing ussistance provided in surth fiscoll year
(b) A revision of the minimum housing construction and rehabtitation godls specified in subdivision (b) of Section 41126 for the enerent year and projected four anditional fiscal yoars ahead
(d) A revisien of the housing assistame eroals upeciffied in subder man (c) of Section $\mathbf{4 1 2 6}$ for the current yoar mad propereded four addetomal fiseal years ahead
(d) A revision of the evaluation required by whblision (a) of Section 41126 as new eman or other survey idata berome available
(e) An apdating of recommendations for state artion whill will


41128 The Calforma Statewide Itouming lian developed pusinant to Section $\mathbf{~ + 1 2 . 5}$ shall provide a data base for local homug morket studies and sarve in a suthe for lowal housing mement requater by Section 6.302 of the Government Corle It wile mended to berved a
 plan mecting refourements of federal law

4129 The goals and rerommembitoms adoped for the Californat Statewade INousing Plan biall be publinaed once adopted and wall be republished as revisions are adopted Sutiencut eapos shadl be made rialable for distribution to concerned persons throughout the state

41130 The dejartment shall develop a statewide farmworker housing assistance plan and related pohcies, goals and objectives for inclusion in the Califormus Statewide Housing Plan

41131 The department thall collect, publish, and make avalable to the public mformation about federal, state, and local laws regarding housmg and community development The department may provide i statisties and researel service for the collection and dissemination of information affecting housing and communty development

41132 The department shill develop spectications for the atruc. ture, functions, and organzation of a housing and communty development mformation system for this state Such system shall melude statistical, demographie, and communty development deta wheh will be of assintance to local public entitien in the planning and implementation of housing and communty development programs

The department shall, subject to the avalibblity of moners therefor, establesh prototape housing and communty development information systems in two or more countims or multuplecounty areas The department shall operate the prototype sistems or it may contract with one or more countes, or with one or more counties and with one or more cities, or with a regiond agency meluding 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 Comell on Thtergovernmental Relations or its successor on the performance of functions specified in Scetims 34212, $3+213$, and 34214 of the Government Code

41134 The department shall didopt gudelimes for the preparation of hounnge elements requred by Section 6.3302 of the Gonermuent Code The guidelanes mitially dopted stall conform as nearly as posuble to the guadelimes adopted by the ecmmishon Iume 17. 1971 and slall be adopted in accordance with the provisions of chapter 4.5 (commencmg with Sertion 11371) of Part 1 of Divmon 3 of Title 2 of the Government Code After comsultation with the State Office of Planming and Research, the department may from time to thme, resise sach ruideInnes

The department may rever local homang elements for confonmis with
 adopted purndant thencto, and repoit its findugs. The department may. in rominetion with any loan or grant appliwation submutted to the ngene: require submion to it tor revin of ams lowal housmg elemont and any local housmg asontance pldn adopted porbudnt to provisome
 383)


 with Serton $72(0)$ ) of Dumon 7 of Thle 1 of the (ivenimment 'ode
 such publue entitios modting and ammang ruls and regulations
relatmg to relocation assistance pursuant to subdivision (e) of Section 7268 of the Government Code The department may require such publue 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 publie entities pursuant to Sertion 65008 of the Government Code

41137 The department may initrate, 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 honsing sponsors seeking financial assistance from the ageney
(b) Criteria for certufying that the sale or comvevance of real pronerty pursuant to Section 41395 or Section 41511 will primarily benefit persons and families of low or moderate meome living in a housing develonment or a residential structure
(c) Regulations permitting grants to be niade by the agency to housing sponsors for the purpose of attaming affordable rents in housing developments financed by the agency Surh grants shall not be made with moneys derived from the sale of bonds
(d) Regulatıons goverumg payments, procedures. and eligibility for relocation assistance for individuals and families displared by actions of the ageney or of housing sponsors of housing developments or neighborhood improvement loans
(e) Criteria for qualification of persons, famulies, and households as personc and families of low or moderate neome or very low-income households
(f) Regulations establishing the maximum perecntage of income which mav be paid by persons and families of low or moderate nucome for rent within the meanung of the term affordable rent, as defined in Section 41023
(g) Regulations desiguating geographiral areas of need throughout the state for housing construction or rehabilitation, as identified in the California Statewide Housing Plan identifymg housug markets m which insuffirient financing is avalable for murchise or rehablitation of existmg housing, identifymg types of honseholds with narticularly severe housing needs, or establishing priority eriteria for the selpetion of homes and projects to be financed as housing developments or neighborhood mprovement loans
(h) Criteria for inclusion of nonhonsing fachlities in honsing developments financed br the agency

Regulations proposed by the ageney in such areas of responsibulty shall not take effect withont conenrrence of the director, the Secretary of the Busuess and Transportation Agenev, or a revrisentative of the secretary sper.fically designated for such review and approval
$41138^{\circ}$ The department may certify locul housmg dgent and may periodically review, recertify, and decertify such local housing agents as provided in Section 41512

## Chapter 3. Assistangr Activities of the Dppartyent

41160 The department may, upon recent of a request of a local public entity, provide advisory astistanee or staffing for devolomment of new and reliabolitated housing for persons and familips of low or moderate income, the elderly, and persons displared be governmental action, and in the development of programs to rorrect or clminate blight and detersoratom and to offect communty development or redevelenment

The department mav contract with a local public eutity to provide any neccssary staff scrvices associated with, or requirell be, a loed puble entity and wheh could be performed by the staff of a redevelopment gageney or housing authority.

The department may provide technical assistance in developing housing for stadeits and faculty of unversities and colleges upon the request of a potential housmg sponsor, or at the requent of the governing board or other agency of a umveraty or college

41 661 The departmeni may furnth counseling and grudames servees to aid any poverumental agenery or any prixate or monprofit organmation or persons in securng the financial and or cooperation of
 operation, or finenemg of housmp for Tndans, farm laborem and their families persons and famblies dirglacer by acio, of ans state or loral public entivy, workers engaged m cutting, procecesing miling handing, or shippug lumben or humber prorluets, the fambes of such workers, the elderly and handicamoed, gud persous and fambion of low or moderate mone the deparment may routract for or spousnr, suigect to the availabulty of federal funds expermental or demonstratwon projects for permanently fixed or mobile housing debigued to meet the sperial needs of agmendtural workers, percons diaplaced bi aetion of anv local public entity the handoapped, the elderls. Indhans and persons and Anmultes of low or moderate income Sud enntrets or sponsorahip agreements may be beireen the departmpil and lowit publuc entitios, private enterprise, or innprafit nrpanzations

41162 The department shall eneourage researeh and demonstration projects to detelop new and better techniques moludmer technoques of rehabilatam, for mereasing the quality and supply of housing for pemons and families of low or moderate meome and man make grants or loans, with or wirhout interest, in eomection therewith

41163 The departiment may adopt riles and regulatious eatablaghng a mutual self-help housine trehneal assistance program prowding grants to monprofit housnge sponsors for earrsing out programs of techumal and super isory ashistane to and permon and fanmber of bow or moderate menme to develop matual srlf-hely housurg

41164 The department man make pralle to nomprofic humeng spunsors and local publa pention for operatmar admustimtion and


 for come or all of the wits withm the assisted housmer Such grants may not be made with moness cierned frum the sale of bonds.

41165 The department ma, enter into agreements to provide staffing to assist the Farmers Home Administration of the Uunted States Department of Agriculture in the conduct of federal lom and grant programs for the provision of housing for persons and famblies of low or moderste incomes in this state.

41166 The department may conduct programs of rentsl subsidips for tenants of existing housing pursuant to Section 8 of the Inited States Housing Aet of 1937, but may not submit anf 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 puhlue entity. provide technieal nssistance of staffing for the purpose of developing applications and plans for community development funding pursunnt to the Fousing and Community Development Aet of 1974 (P L 93. 383)

41168 The department shall pndeavor to obtain pommurity development funds avalable under Title I of the Housing and Comuruity Development Act of 1974 (P L 93-383) The department may of federil funds are available, conduct an innovative neighborhood preservation program in cooperdion with a local public entity

41169 The department may provide technical assistance to anr public entity or public utility undertaking construction maintenance. operation or financing of replacement housing designed for persons displaced because of the dequisition or clearance of real property for public purposes

41170 The department shall develop and, subject to apecific authorization and appropriation by the Legislature or the avalibility of fedpral subsidies, implement demonstration subudy programs to tpst the effectiveness of one or more housing subsidy programs for verv lowincome households or other persons and families of low or moderate ineome Such programs may melude housing allowance payments homeownership downpaynent assistance. homeownership interest subsidy, leased housing subleased to very low-ineome households. rent supplement payments on belialf 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 serviees as will assist them to become owners or tenants of housing financed under this division Such trainmg and serveres may include but are not limited to, techmert and professional plammg assistance, the preparation and promulgation of organzational plaming and development outhos and guides, comsultation services, traning courses, seminars and lectures, the prepdration and dassemination of newsletiers and other printed materids, and the services of field representatives.

The department shall. subject to appropristson by the Legislature, or the availability of private, local governmental, or federn fur ds establish a program of such home management training for persons and families of low or moderde neome who are occupants or potental occupants of assisted housing

The department may provide potentral housing sporsors of multipleunit housing developments with advisory consultative traming and educational services in the management of housing

41172 The department may provide techmeal assustance and aid to povermmental agencies and housing sponsors for the purpose of providing the benefits of assisted housing to vely low-income households and persons and families of low or moderate income in whech the head of household has been previously confined to institutional care
41173. The department may provide comprehersive techneal assistance to tribal housing authorities, housing sponsors and goverimental ageneies on reservations, rancherias, and on public domam to fachtate the planning and orderly development of suitable, decent safe. and sanitary housing for American Indians residmg in such areas Such assistance may include technical assistance in land use planming, natural and environmental resouree planming, and economic reqouree planning Upon request of the governing body of a rescrvation or rancheria, the department may act on behalf of the tribil housmg 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 lumited fluency in the Enghsh language, in order to assure full participation by such persons and farnihes in prograns administered by the department Where a significant number of persons in a emmmunity have limited fluency in the English languge servies and es. sential publeations of the department shall be provaded in the native language of such persons

## Chapter 4 Organization of the Commissjon

41200 There is hereby contmued mexistence in state government the Commission of Housmg and Commanity Development, whoch shall consist of nune members
41201. The members shall be appomed by the Governor for fouryear terms, subject to confirmation by the State Senate Membrers in office on the effective date of this divasion shatl continue to hold offiee untal the expration of their terms unlens removed pursuant to Secton 41202 or any other provison of law

The term of an appointment to fill any wacancy created prior to the expiration of a term shall be for the mexpired term only Erch member shall continue to hold office after the exparation of his term untal a successor has been appointed and qualified.

41202 The Governor has power to remove from office at any time. any members of the commision for contmued neglect of duties requared by law, or for intompetence, or dishonorable conduet Notling in this section shall be construed as a limitation or restriction on the power of the Governor, conferred on hm 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 Goverior from among the members and shall serve as presidung officer at the pleasure of the Governor

41204 Edch commission member shall receive a per diem of fifty dollius ( $\$ 50$ ) for each day actually spent m the diseherge of offiral duties, and each shall be rembarsed for travelug and other pxpenes necessarily meurred in the performanee of duties

41205 The conmission shall meet guarterly and at suibh other times and places as the commission may dessgnate, for the purposi of transacting its busineas Spectal meetmgs may be held at such times as the commisson may elect, or on the call of the prestang officer of thee commission, or on call of not less than four members thereof The written notice of the time, place and object of surh speciel meeturg shall be made by the secretary to all the members not parties to the call, it least 15 days before the day of the meeturg

41206 The Directar of Housung and Communty Development shall serve as secretary of the commission and as such shall keep the minutes and ierords of all commession proceedings

41207 The commission shall provide poliry gudance to the Department of Housing and Communty Devclopment

41208 The commission shall prepare and adopt such minmum standards rearulating the use and applaration of cellular concrefe ins it determmes are reasonably necessiry for the protection of hfe and property

41209 Expept where the department in specefically vested by this part or by any other provision of law witl the authority to adopit rules and regulations, the commssion may adopt, amend, and reped rulen and regulations reasonably indeessary to carry out the provinoms of thin part or by any other provision of law Any rules and regulations of the commssion in effect on the effective dite of tha divisuon shall remam in effect until amended or repealed.

## PART 3 CALJFORNIA HOIISING FINANCE AGENC'Y

## Cilapter 1 Organigation

41300 The Californic Housing Fmame Ageney is hereby ereated in the Busmess und Transporiation Agency The ngeney constotuten a publie instrumentality and a politeal subdivisom of the state. and the exercise by the derency of the powers conferred by thin dumon shall be depmed and held to be the performame of an ensinthal pablue funetion
41301 The ageney shall be adminntered by a buard of directots consistmg of 15 voting members, including a charpervon The State Treasurer, the Secretary of the Busmess and Tramspoitation 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 Drector of Finance, the Director of the state Office of Plaming and Research, and the president and the expcutive vice president of the agency shall serve as voting. ex officio members of the board

41302 Apnointed members of the board shall be able persons broadly reflective of the eronomic cultural, and social diversty of the state, including ethnic minorities and women However, it is not intended that formulas or specific ratios be applied in order the yehreve such diversity Of the members apponted 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 bunlder of restdential housing; one shall be expersenced in orgamzed labor of the residential construction industry, and one shall be experienced in the management of rental housing occupicd by lower uncome 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 pach 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 intially appointed by the Governor, the Senate Rules Committee and the Speaker of the Assembly shall be as follows
(a) An elected officmal of a city or county engaged in the planning or implementation of a housmin, housing-dssistance, redevelopment, or housing-rehablitation program-two yeurs apponted 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 bulder of residential houmngsix yeaty ppomted by the Governor
(d) Member experieneed in organized labor of the residentidl construction industry-two years apponted by the Governor
(e) Member experienced in the mandgement of rental housing oceupred by lower income houscholds-four years apponted by the Governor
(f) Member apponted by the Speaker of the Assembly who is at tenant living in rental houng findmed by the ageney or in expernemed in counceling, asobtimg, or representuig tenants-mix yedrs
(g) Member apponted by the Sonate Rules (omimitee who is a tenant living in rental housing finamed by the agrenty or thexpentenced in counselmg, assisting, or representing tenhats-two veram

The term of any member of the board apponted to surve subsequent to the expration of buch an mital term bladl be sux Years Any person appomed to fill a vacancy on the board hall serve only for the remainder of the unexpaed term Suecessors to mitidly apponted
menbers specified in subdivisions (f) and (g) shall be or shall have been tenants hymg in rental housing financed by the agency, if any exists Members of the board shall, subject to contmued qualification, be elgigle for reappontment If a member of the board ceases to mept the qualifiedtons specified m this section, the membership of such person on the board shall be termmated

4130:3 All members of the board appointed by the Goveruor shall be confirmed by the Senate.

41304 The representation of varied interest groups on the board shall be deemed essental to obtan mformation for the development of policy and decisions of the board It shall not be a conflict of miterent for an official of any local puble entity or a temant of any housing development, or a director, officer, storkholder, or employee of any savongs and loan instatution, mvestment banking firm, brokerage firm, commeretal bank or trust company, arehitectural firm, msuranee company, Iabor nnion, or any other person, association, or corporation to serve as a member of the board When present at a meetmg of the board, a board member shall be legally required to participate in the deliberations wathin the meaning of Section 87101 of the Government Code If any board member has a findncial monerest, such intereat shall be disclosed as a matter of official public record and shall be deseribed witl particularity before the board member acts or participates 10 ding way in deliberations affectug such interests

If any board member has a financial interest, a conflict atafement slall be fled pursuant to the regulations of the Far Political Piactices Commussion and distributed to all other members of the board

No borrd momber of the ageney may, however, vote on any matter in wheh the member has a financial interest

Violditions of this section shall constitute grounds for disqualifiedtion from office as a board member Knowng or wilful voldtion of the diselosure requrpments of the section shall constitute a midemeanor under Section 91000 of the Government Code Puisuant to Section 91000 , fines may be imposed for any such volation

Withm 60 days of the effective date of this division, the agene? shall dolopt a conflet of interest disclosure code parsuant to Sertrons 3703 and 3704 of the Government Code whath shall remain m effect unthl a conflict of interest code has been adopted by the agency and approved
 Artule 3 (commmemg with Seetion 87300) of (hapter 7 of Title 3 of the Goverument Code Withun 15 days of adoption of such code, each board member shall file a statement

41:0.5 (a) Except for the meniber specified in subdivision (a) of Section 41302 in his caparety as an officlal of a coty or count no memben of the board and no offieer or employere of the ngency shall be cmployed by hold any pard offied relation to, or hate am findelal mterest im. any housing spounor or ally housing development find aned on asmisted under thas part No real property to whell a member of the boatrl or an officer on emploype of the agency holds legal title or in
whel such parson has any finameial merest shall be purchased by the "gency on sold by such memher of the board or officer or emploype of the ayencs to a housmg sponor for a housing development to be fineneed mider this part

Aly molation of this section shall be a conflect of interest wheh shall be ground for disqualification of the meniber from the board or the ofticer or emplosee of the goeney from has office or employment with the boird or agency.
(b) Expept as provided by subdivision (c), the following actions shall ber voudabie in the diseretion of the depmey.
(1) Anv purehase bv the agener of ceal property in wheh a mem ber of the board or an offieer or employee of the ageney has legent title or a finducial interest
(2) Any commatment by the agency to provide financmil issistine to a housing sponsor in which a member of the board or office: or entployee of the ageney is pmployed, holds any official relation. on has ims findmenal meterest
(3) Any commitment by the agency to provide finamend ansintanes to a housung sponsor to which real property has been or is tramferied for a housning development to be financed under this pait if imember of the board or officer or employee of the ageney has or has had lepal title or any finmenal interest in such real property
(c) Any commatment by the apency to provide findmemal awistaner under the emounstanees speefied in parapraph (2) or (3) of subdivison (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 findmeide assistance

41306 Voture board members shall be removable solely for ertuse
41307 The Governor shall appont a charperson who, when present shall preside at meethigs of the board The trim of the ehairperson shall be five years

41308 The Governor shall appont a president who hatl serve at the pleasure of the board as the chof execotice offier of the amenes and shall subject solel? to supervion by the brard, adminster and direct the das-to-day operations of the ageney The board shall trom time to tome determine the total number of authenzer cmplonees within the agener The board shatl determine the salaries of those emplovess of the agence whese salaries are mot pard from moness appropriated to the apmey from the General Fund, otker than moness approprated by the act enartmer the dewsons

41309 The compensation of the prendent shatl be atablishe 1 b the board minch amome as is reasonably neemsari, in the discretmon of the board. to attrad and hold a percin of supmer qualifications IIoweser, the salar, of the presulent slatl not careerl the salary of the Secretarv of the Busimes and Transportation Agenes Members of the board shall wot recenve a salare but shall be entitled to a per chem allowance of fitty dollars ( $\$ \mathbf{i} \mathbf{5})$ ) for pach dav's attendance at a meetung of the board, not to exeeed three hundred dollars ( $\$ 300$ ) in any
month, and reimbursement for expenses incurred in the performaner of their duties under this part, meluding travel and other necepsar: expprises.
41310. The president mas from time to time pmploy techniest experts and sum other employees as may, in his judgment, be necessary for the conduct of the business of the arency.

41311 Notwithytanding the provision of Sectious 11042 and 11043 of the Goverument Code, the precident mav employ as attornev for the apeney an attorney at law licensed in this state The attomey shall advise the board. the chairperson. and the president. when an requested. with regard to all matters in eommection with the poners and dinties of the ayeney and the board members and offieers thereof The attorney: shall perform all duties and survies as attorney to the agency which the agency may require of him.

Except as provided in Section 11040 of the Govermment Code the Attorney General shall represent and appear for the prople of the State of California and the agency in all court proceedings moolving any question under this division or amy order or act of the agemer ; provided. however, that the arency may also emplor private connsel to assist in any such court proceeding
413115. The Executive Secretary of the 1Honsing Bond ('redit Committee created pursuant to Spetion 41707 shall serse as the expeutive vice president of the ageney and in surh caparity shall be directls responsible to the president The executive rice president shall provide liaison between the agency and the Ifonsing Bond Credit Commuttee and shall perform such other duties as may be regured by the president or the board The agency shall reimburse the Honsing Roud Credit Committee for any eompensation paid by the committee to the execntive secretary The salary of the expentise vice president of the ageney shall not exceed the salary of the president

41312 For its artivities puder this division. the president shall prepare an annual budget to be reviewed by the Secretare 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 cale of ohlyations or secturites and other major contractial agrepments and debt obluyations Any other contractual agrepments or debt obligations may be approned by the president pursuant to regulations of the board

Actions of the board mhy be taken onlv bv a concurrence of a majority of the eutire membership thereof
41314. The principal offices of the ageney shall be located in the City of Sacramento.

## Chapter 2 Purposes and General Pronishons

41331. The primary purpose of the ugeney slall be to meet the housing needs of persons and families of low or moderate tmone
41332. In meeting the houms needs of pernom and faminm of hum or moderate income, not less than 30 percent of the musts finamerd by mortgage loans or neighborhood improvempnt loans pursuant to this part shall be available to, or oceuped by, very low-meome houscholds
at aftordable rents, unless it is not possible to obtain subsidies necessary to meet such requirement No development Joan, 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
41333. The agency shall also seek to attain the following objectives:
(a) Acquisition of the maximum amount of funds avalable for subsidies for the benefit of persons and families or low or moderate income occupying umts financed purstant to this part
(b) Housing developments providing a socially harmonious envirenment by meeting the housing needs of both very low-meome households and other persons and famslies of low or moderate mocome 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, approprate 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 maintaing or increasiny the impaction of low-income areas, and cooperation in implementation of iocal and areawide housing allocation plans adopted by cities, counties, and joint powers entities made up of counties and cities
(e) Tdentification 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 mantenance of local economic activity
(f) A balance between metropolitan, nonmetropolitan, and rural housing developments, and between famuly 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 weeptable 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 neome
(i) Full cooperation and coordmation with the local public entities of the state in meeting the housing needs of cities, counties, cities and counties, and Indian reseryations and rabeherias on a level of government that is as close as possible to the people it nerves
(j) Promoting the recovery and prowth of economically depressed businesses located in areas of minority concentration and in mortgage deficient areas

41333 No provision of this divisom shall be construed as a restriction or lmutation upon any powers which the agency or any local puble entity might otherwise have under any laws of thas state, and
this part is cumulative with respect to any such powers This division shall be deemed to provide a complete, additional, and alteruative method for doing the things nuthorized thereby. and shall be regarded as supplemental and additional to powers conferred by other iaws. The issuance of a residential bonds and refunding bonds under the provisions of this part need not comply with the requirements of an other law applicable to the issunnce of bonds; and in the construction or acquisition of a housing development or a rebiflential strueture pursuant to the provisions of this division, the ageney need not comply with the requirements of any other law applicable to construction or anquisition of public works, except hs specifically provided in this devision The agency shall adopt regulations for review of eonstruction contraets for the construction or rehabilitation of housing financed under this division.

The agency shall require that on construction finamed 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 gemeral 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 whges for holiday and overtime work The ngency shall determine or require determination of the general prevaling rate of per diem wages in accordance with the standards set forth in Section 1773 of the Intbor Code Apprentices shall be emploved in the construction of housing developments in accordance with the regulations of the agency, which shall impose the same reguirements as rontained in Section 17775 of the Labor Code, except as to differenees necessitated by the methods of awarding construction contracts for housing developments financed under this division.
41334. The exereise of the powers specified in this division will be in an respects for the benefit of the people of the state, for their weilbeing and prosperity, and for the improvement of their wermb and economic eonditions, and the agency shall not be requred to pay any tux or assessument on any property, other than a housing development owned by the agency under the provisums of this division ar upon the ineome therefrom. Any bonds issued by the ugeney under the provisions of this duision, their transfer, and the ineome therefrom shal? at all times be free from taxation by the state or any politionl subalsvision or other instrumentality of the state, excepting mheritanee and gift tuxes.
41335. The agency and every housing sponsor bhall reguire that occupancy of housing developments assisted under this part shall be open to all regardless of race, ses, marital status, color. relighon, ndtional origin, or ancestry, that contrastors and subcontractors encaged in the construction of housing developments shall provide an pqual opportunity for employment, without disermination as to race, marital status, sex, color, relugion, rational origm, or aucestry, and that such
contractors and subeontractors 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 (rommeneing 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 manawment, construction, or rehabilitation, shall be let without diserimination as to race, sex, marital status, color, relıgon, mational origin, or ancestry and pursuant to an affirmative action pogram, whech shall be at not less than the Federal Housing Admingtration affirmative action standards unless the board makes a sperific findung 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 polncy of the agency and housing sponsors to encourage participation with respect to all propects by minority developers, bulders, and entrepreneurs in all levels of construction planning, finanemg, and management of housing developments In aress of minority concentration the agency shall reguire signifieant participation of minorities in the spousorship, construetron, planning, fuancing, and management of housing developments The agency shall (1) require that, to the greatest extent feasible, opportunities for training and employment arising im connection with the planning, construction, rehabilitation, and operation of housing developments fimanced pursuant to this part be given to persons of low meome residing in the area of such housing, and (2) determine and implement means to secure the participation of small busmesses in the performance of contructs for work on housung developments and to develop the papabilitues of such small businesses to more efficently and competently participate in the economic manstream In order to achieve such particupation by small businesses, the agency may, among other things, wave retention requirements otherwise imposed on eontrnetors or subeontractors by regulation of the afency 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 msure that, to the greatest extent feasible, the participants possess the uecessary nonfinancial capabihties With respect to surh small busmesses the agenry may wave bond requirements otherwise imposed upon contractors or subroutractors by regulation of the agency, but the agency shall m 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 mplement the provisions of this sectron.

Prior to commitment of finanping, the agency shall require each housing sponsor, except with respect to an owne-socupied housing dovelopment or mutual self-help housing, to submit an affirmative marketing propram which mepts standards set forth in requadions of the agency The ageney shall require such a housing sponsor to condurt the affirmative marketing program so npproved. Additionally, the agency shall supplempyt the efforts of individual housing sponsoms by conducting affirmative marketing programs with respect to such housing at the state level.

41336 It slall be the poliey of the ageney to coordinate its activities with the department It siall be the poliney of the apency to conduct its operations so as to be fiseally kelf-cuffirent and 60 as not to require appropriations from the Generd Fund for payment of its adninistrative costs or to service bonds of the agency
41337. No development or coustruction loan shall made pursuant to this part if the agency determines that the makmg of such a loan would result in the permancus loss of a subsidy or a reduction in future subsidies due to the failure of the agency to use currently available subsidies.
41338. Lomns made pursuant to this part to housing sponsors, othen than nonprofit housing sponsors, of rental housing developments shall not exceed 95 percent of the development coses of the housing derclopment for which the lom is' made Loods made pursuant to this part to nonprofit housing sponsors shall not exceed 98 percent of develonment costs unless (1) the nonprofit housing sponsor has or will participate in the housing development wifh another nonprofit housing sponsor which has a significunt past record of suceessfal reaideathal development and not more than 25 percent of the units in such lousing development will be occupied by very low ineome famly households. or (2) the housing development will be deaigned for occupaney by elderly or handieapped households In evaluating the sugnificance of the past record of a nonprofit housing sponsor for purposes of this section, the ageney shall take into comsderation excluntonary or discriminatory lending polacies or practices of the mortpage fillamer industry or government mortgage prograns which have limited the record of pust housing production or detelopment by the monprofit housmg sponsor.
41339. This division is intended to benefit purchasers and ressdents of housing developments who are persons and familven of low and moderate ineome and shatl be hiberally construed to allow suell peisoms to initiate civil actions and to enforce rights, duties and benefits under this division and regulations adopted pus suan to this divisum, provided however, this sectionshall not hmin, modit's or renti in the shanding of other persons to initate civil actoons by resson of the detion or innction of the ageney, department or commission.

## Chapter 3. Financial Provisions

41360. The Calhfomia Housing Fmance Fund is hereby created in the State Treasury.

All money in the fund is hereby contmuously appropriated to the agency for carrrying out the purposes of this part, and, notwithstanding the provisions of Chapter 2 (eommenemg with Section 12850) of Part 2.5 of Division 3 of Title 2 of the Government Code or the provisions of Artule 2 (commencing with Section 13320) of Chapter 3 of Part 3 of such division, applestion 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 revsewed 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 ths part from neighborhood improvement loans and mortgage loans shall be deposited in the special account, which shall be used exchusively for the amortization of debt and the protection of the underlywig securaty, untal current debt service and reserves are funded.
41363. The ageney 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 m Section 16430 of the Government Code as the agency sliall designate The agency may direct the State Treasurer to deposit moneys in interest-bearmg accounts in state or natoonal banks or other financial institutions having puineipal offices in this state Subject to any agreements with holders of particular bonds, and to the extent puble deposits are permitted by law in each type of financial institution, the agency shall direct the State Treasurer to nake such deposits based on the relative participation of the different types of financial instotutions as qualufied 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 avalable from another institution qualified to receive such
deposits The agency may alternatisely require the transfer of moneys in the fund to the Surplus Money linvestment Fund for mestun'nt pursuant to Article 4 (commenting with Section 16if0) of Claptea 3, Part 2, Divison 4, Tithe 2 of the Govermment (cole.

All interest or other merement resulting from surbl investment or deposit shall be depositegl in the fund, notwithatandeng Section 1630157 of the Government Code Mouess in the fund shall not be subject to transfer to any other fund pursuant to mis 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 ageney is authorized to utilize such moneys as may be appropriated to the fund from tume to time by the legrilature for effecturtiug its purposes, moluding, but not limited to. the phyment of the initial expenses of admimistratom and operation. the establishment of reserves or contugency funds to be avalable for payments on the prinetpal. interest, and sinking funds of any bonds of the ageney and the direct paymmit of promenal, interest and smking funds on the bonds of the ageney
41365. The agency shall, xithin 90 days following the close of each fiscal year, submit an annual report of its activitres under thin dusision for the preceding year to the Governor, the Secretary of the Busmess and Transportation Agency, the Durector of Housmer and Community Development. the State Treasurer, and the Legislature Within 90 days following the close of eurb ficeal ; ear, the agetery shall also submit an annual report to the Joint Legislative Audit Committee and the Jont Legislative Budget Committee 及uch such report shall set forth a complete operating and financial statement of the harney during the concluded fiscal year. The report shall sparelfy the inumber of unts assisted. the distribution of unis among the metropolitinn nonnetropolitan, and rural areas of the state, and shall contam a summary of statistical data relative to the incomes of houselolds oceupying absisted units, the monthly rentals elbarged to ocruphits of rental housng developments, and the sales prices of housing developments purehased during the previous fiseal year by housnige aponsors who are permons or families of low or moderate meone. The report shall aloo uthlude a statement of accomphishment during the previous year with respert to the agency's progress, priorities. and affirmative actom efforts The agency shall specifically include in ath report on rffirmatave action goals, statibneal data on the numbers and perecntapes of muorty sponsors, developers, contractors, subromfractors, supphers, architects. engineers, attorneys, mortgage bankers or other lenders, imuranep agents and managmg agents The agency shall chuse an audit of ats books and areounts with respect to ds acivitues under that divisom to be made at least onee during each fiven year by an mdependent certified puble accountant and the ageney shall be subject to audit by the Department of Fmanep not more often than onee carh fiseal yar

Within 90 dass following recenpt of the ngeure's annalal report, the doint Legislative Audit Committer and the Jonit Legmialse Bulpet Committee shall subuit a report on the dgency's actwities under this division to the Legislature.

413655 The president of the agenes shall immedintely erotify writing to the . Toint Yegiglative Audat Conmittee, the Jint Iorsintive Budget Committer, the Speaker of the Asombly, the Senate: $:$ Committee and the Governor. if the ayenev determimes or remive: formation, verificil by the State Tremsurer that momera of the ar. will not be sufficient for the promipal payments, sinking firm ments, and miterest mavments on honds nuthorized under Chapte.. - ... to restore and maintain the bond reserve funds provided for in ${ }^{m}-$. $:$ 41713
 all moners availahle for carrying out the purposes of this pari ar-... plared by the ageney to be gurplus moneys which are not ice, service or retire boids issued on behalf of the agenev, pay so trative expenses of the agemes, aremminte nercuary operating :reserves, or repay lomis to the agency from the Grmeral Fund :be used by the agency with respert to existing housing dex elgr,me. . to provide npecial interest reduction proqrams, financul nssisthice : honsinue developments or uabsidies for oceupants or owners the or counclug programs, as anthorized by this division

## Chapter 4 Grneral Poweas

41385 The arency shall have all of the following powers:
(a) To sue and be sned in its own nnue
(b) To have on offictal veal and to alter the same at pleasure
(c) To hate perpetual shreension
(d) To matintain offiees at attel plave or places within the state $n:$ may designate
(e) To adopt, and from time to time amend and repeal. br aciof the bonrd, rules and regulations, not inconsistent with the protis. $0^{-}$ of this part, to carrs into effect the powers and purposen of tha 1 :g: and the conduct of ta busmess Rules and regulations of the arceshall be adopted, amended, repeated, dud publivhed in aceordinte in the provmons of Chapter 4.5 (commenemg with Sertion 11371) of 1 of Dumon 3 of Title 2 of the Govmment Corie With rappe' is regulations marean yperfied in Section 41137, the ageney mave is: pose regulations, but such rornhations shall become effertise omly $17 \times$ concurrence of the Secretary of the Businens and Transpeistr,:Agency or hin dengated represpatative, or the Director of llonn? and Commanity Development
(f) To make and exedute contracts and all other instrument rase:sary or comsoment for the everese of its powers and functoms antiethis part with am , fovembental aremev, privatp porporation on oi : entaty, or mudnidual, mad to comtract with any local publer entity ${ }^{-2}$ -

( g ) To aregure real or personal property. or any interset ihina. on either a temporary or long-tirm bata in it own hame by piff, , it.
 ment or other meorporeal ryhts mproperty
(h) To hold well, nougn, lense, aneumber, mortgage, or ather wice disjuse of any renl or persmal property or may miterest therein: th
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, notwithstandmg 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 instrament, deed of trust, or promissory note used or executed in conjumetion with the financing of any housing development
(k) To employ architects, engineers, attorneys, accountants housing construction and tinancial experts, and such other advisers, comsultants. and agents as may be necessary in its judgment and to fix their compensation.
( $b$ ) To provide advice, technical information, and consultative and technical service in connection with the financing of housmg 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 desmable
( 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 necensary 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 linguage. other than English, where necessary to effectively serve all groups for which such services or publications are made avalable.
(r) To requre any individual, corporation, or other legal entity operating, managing, or providing maintenance services for a housug development or a residential structure to mantam a current certafiedte of qualification developed and dpproved 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 seceiving 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 familiey of low or moderate meome and may atilzze federal subsidtes available to it in providing housing for persons and families of low or moderate income or for exprcising any other of th powers. The dgeney shall have priority among all other umts of state govermment for recenpt of federal housing subsidies to the extent unis financed under thas part are elugible for such assistance.
41387. The agency may enter into ugreements to provide staffint for the Farmers Home Admmistration of the Cinted States Department of Agriculture in the conduct of federal loan, loan-guarantec, and grant programs for the provision of housing for persons and families of low or modyrate income in this state. Staffing under this serestien shall not be paid for out of proveeds from the syle of bonds.

4138s. The ageney may make and exerute eontracts with qualifip. mortgage benders for the inttation or survicing of mortgage lemns. construction torns, ueighborhood muprovement lonn. or developitent loans made or acqurad by the ageney pursument to this part or for other serviees rendered to the ageney. The ageney may pay the rangos able value of services rendered to the ngency pursumt to suction enitracts.

41389 The agency may make or undestake commitments to make developnent loans, construrtion loms, mortgage loans, and neighbonhood improvement loans to housing sponsors to finame housmg de elop ments, as provided in Chapter 3 (eommenrong with Section 41450 ) $\mathrm{e}^{-}$ this part

The agenty may, in conjunction with a construction loan, set abide a reserve to provide improvement security required under subdivis in ${ }^{-}$ (c) of Section 66+62 and Chapter 5 (commencing uith Section 56? fg ) of Divison 2 of Title 7 of the Covernment Code, which shall be in lieu of imptovement securnty otherwise required by such provisions.

41390 The arency may purchase and sell construction lonns, mo: 1 gage loans, neighberhood mprovment loans, oblightions secuife os such loanc, and partiripation therein

413905 Construction lonns, mortgage loans, and neighborhood ins provenuent loms mude, purchused, nsigned or serving as security for oblipations or paturpations pursuant to this part shall be limize as to charges, miterest, maxmum lome amount, and maximum appasised vaiue pursuant to repulation of the agency, which slall be censictent with the pluposes of this part.

41391 Prior to the commitment of moneys under this part for the finaming of a loonsing development as provided an Articles 1 to 4 melusive, of Chapter 5 (commencing with Section 414.0) of this part, the agmey shall take adequate measures to assure (a) the economia feacibulity of the honsing development, (b) the financial elaribulity a the housing sponsom and tennats, (י) the ronsistency of the proposes houning tovelopment with the current hausing objectives of the agency, (d) the sufficumy of acress of the housing develomment to supporture sorial servere, thansportation, selooks, employment, and retail mes-- hants, and (e) that the locetion of the propmed homming developmeret is comsutent wath the agency's policten of dispersing homang developments throughout rommanithes and of anombur bulue wonentration of persoms and famalies of low income. Wherever possible, the ageney shall werfy such facts before financing is committed.

In providing for dispersal of housing developments, the areney shall consider econome feasibility, which shall be determmed in hght of all relevant factors, includug the assistance programs and funds whel could be utilized to reduce costs Nothng in this section shall prohbit the agency from financing housing developments in pasticipating concentrated rehabilitation areas and partiripating mortgage funds assistance areas in a manner that would otherwise be in confliet with the agency's polucies respecting dispersal of housing developments or concentration of persons and families of low income, where neressary to accomplish the purposes for which financing is made availdble by the agency in such an area

41392 (a) The agency may renegotiate, refinance, foreclose, or contract for the foreclosure of, any montrage in defanlt 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 defanlt, conform to agency regulations
(b) The agency may commence any action to motect 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. hud otherwise deal with such property in such manner as may be nevessary to protect the interest of the agrency and the holders of its bonds.
41393. The agency may procure insurance or coinsurance or puarantes from the federal government or from any governmental agency or instrumentality thereof, or from any private unsurance rompany, of the payment of primeipal, redemption price of, and interest on any bonds issued by the agency The ageney may pay premmms on any such insurance
41394. The agency may, for services performed, charge and colleet from housing sponsors and qualified mortgage lenders such fees and charges for the purpose of defraying admmistiative and other expenses as the gqency may establish from time to time for its lending and mortgage-purehase programs
41395. The agency may sell or ennvey redi property owned by the agency to persons and famelies of bow or moderate meome, nonprofit housing sponsors, and local public entities Such sale or conveyance may be without consideration of the aqency received the property upon condition that it be so conveyed or sold dud if such sale or converance will inure primarily to the benefit of persons and famalies of low or moderate income living in a housing development.
41396. The agency shdll establish enteria for housing sponsors and qualifed mortgage lenders, which shall be desigmed to assure the financial integrity of programs authorized by this divison and which shall provide for effective mplementation of the poheres and purposers set forth in this part The eriterid shall take moto account the differences between private and public institutions qualifying as housing sponsors and querlified mortgage lenders.
41397. Relocation payments shall be made to tenants displaced because of temporary or permanent diaplacement for rehabilitation work assisted under this part, or rent increases resulting from rehabilitation, with eligibility and amonnt 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 (commene-. ing with Section 7260) of Division 7 of Title 1 of the Govertment Code.

The agency shall also insure that the relocation payments and the relocation advisory assistance specifled therein shall be provided. Pursuant to the provisions of this section, the agency shall insure relocstion 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 antieipation of the loan commitment or will occur subsequent thereto.

For purposes of this section, displacement inclades 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 parposes of this division.
41399. The agency may make grants to nonproft 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 Spetion 1161 or 1161a
of the Code of Civil Procedure and served as provided by Section 1162of the Code of Civil Procedure. Such notice shail contain a staiement of the cause for eviction and of the right of the tenant to a hearing and decision pursuant to regulations of the agency if \& request for such a hearing is made to the landlord in writiog within the period specified in Section 1946 of the Civil Code or Section 1131 of the Code of Civil Procedure, as the case may be.
(c) When the tenant so requests the ienolord 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 io regulations of the agency, shall be held by an impartial individual or panel selected or approved by the agency and a decision rendered within iwo weeks after receipt by the landlord of the tenant's written requesi 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 tenami 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 praferant to this section shall be assessed to, and paid by, the losing pariy as provided in regulations of the agency. If neither party prevails, the coscs of the hearing shall be equitably apportioned.
41401. The agency shall adopi standards 2 or 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 e tenant or purchaser may allocate to housing costs, which shall provide consideration for proven ability in individual eases to pay what would otherwise be an unveusliy high percentage of income for housing costs.
41402. Prior to authoriving a mortgage loon under Chapter 5 (commencing with Section 41450) of this part or \& 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-oecupied housing development, the agency shell:
(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 pursunnt 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 intereat 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 resuliting 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 parchase 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 acguisition and development costs to eligible housing sponsors on such terms and conditions and in such amounts as it deems necessany 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 selfhelp 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 sec. tion or decertifies the lender pursuant to Section 41057.

## Chapter 5. Financing of Housina Developments

## Article 1. Loans for Housing Developments

41450. Subject to the limitations preseribed by Article 4 (commeneing 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 facilties in housing developments, the construction of nonhousing facilities, and supervision of housing sponsors, includung 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 receiviag laans 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 Ioans, mortgage loans, obligations secured by construction loane 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 oblization 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 à mortgage on a single-unit housing development for the purposé 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 pursiant 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 makung construction loans and mortgage loans for the purpose of financing housing developments.
41466. 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 Artrele 4 (commencing with Section 41475) of this chapter.
41467. Loans shall not be made by the agency to a qualified mortgage lender under the provisions of this article, except parsuant to an agreement between the agency and the qualified mortgage lender. Such agreements shall melude 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 forebearance and recasting for mortgages in default
41468. In connection with loans made pursuant to this article, the agency may collect, enforee 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 brdding, 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 subdrvision 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 ageney 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 contaning 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 instrtution 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 hen 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 aganst 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 financrng such housing developments as provided in Article 2 (commencirg with Section 41455) or Artiele 3 (commencing with Section 41465) of this chapter, or if the board determmes 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-occupred housing developments without the particupation 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 US. Census Burear. The income at 65 percent of median shall be based on a famly 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) Preseribe unnform 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 minimura 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 famlies 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 Sẹction 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 apportenant 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 contriboted 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 motice 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 rousing sponsors to provide such bilingual services and publications, as are necessary to ensure informed access to housing financed pursumn to this part for persons and families of low or moderate income who have limited fluency in the English janguage
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 equipraent 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 oceupied 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, imspection, 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 pendang 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 lonn o mortgage loan or a grant pursuant to this part shall erter into an agreement with the agency providing for the regulation of the d'sposition of property and the limitation of profit. Any housing sponsor of a ren al hous'rg development receiving a mortcage loan pursuart 'o th spart, other than a nomprofit housing sponsor or local puble ertity, shall ester into an agreement including limitation of carrirge destribut on to an annual amount no greater than 6 percent of the equity inves'ed an the rousing development, unless a higher l'mitation on earnirgs d stribut on is othe wise provided by rules and regulat ors of the agency The agency may permit a distribution $g$ cater than 6 percert to investors contribu'ing additional equity money to an existing hous'ng development, or in the case of a housing development over whech the agency has assumed maragerial and financial control pu-suart to Section 41483, or in any case where it would mater ally contribute to meeting the polscies or goals of this division.

41483 Upon making a determination that the firancial 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 financeal control of the housing sponsor and may supervise and prescribe the activities of the housing sponsor in such manner and under sach terms and conditons 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 veting 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 rehabiltation 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 onder 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 requ're, 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 moome occupying the housing development pavs more than the affordable rent, then such surplus shall be transferred to the agency for use in lowering the rents for persons and fimalies of low or moderate income in other housing developneents 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 of 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 prority consideration to the needs of adentifiable 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 exsting housing in order to maximize the impact of the agency's finanicial activities on employment, reduction of housing costs, and mantenance of local economic activity. The agency shall balance its activity between metropolitan, nonmetropohtan. and rural areas of the state in general proportion to the needs identufied in the Statewide Housing Plan The agency may also
give prionty consideration to, and reserve funds for use in connection with, large urban revitalization programs.

In order to facilutate implementation of local housug 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 avalablity 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 avalable on a priority bass to very low income households. Subject to the avalability 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 requrement shall no apply to nonproait famuly housing developments with 100 percent financing or housing developments
less th n 12 units where the gency finds it is not necessary to make units arall ble in the development for very low neome bouseholds to $m$ ei the ruquiremen of m kng 30 percent of tot l units avalable to - ry low income households. Units required to be made available on a prionity $b$ sis pursuant to thas section, shall be offered exelusively to
is within tive pucrity group unless or anthl the agency permats the in't ts be offered to other potential occupant gioups

11497 If in , ny fiscal year, the number of unts in housing financed pursu nt to thus part made avali ble to very low income households falls below 25 percent of the total units in housing financed by mortgage loans pursuant to this part, the ageacy shall immediately notify the Governor, the Speaker of the Assembly, and the Senate Rules Commiltee and shall recommend such legislation or other action as my be requrred to make at least 20 peicent of the units so avalable
41498. At the time a mortgage loan ecmmitment is made to finance any rental housing development, a written agrecment between the agency and housing sponsor shall be executer, designating the number of units to be made avalable on a priority basis wathin such housing development to very low-meome 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 agceed to by the agency and housing aponsor, then units which become avalable for occupancy shall, subject to available subsidjes be made avaulable on a priority basis to very low-mncome 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 avalable 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 bouseholds 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 respeet 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 pereent of the units financed by the agency during each fiscal year for very lowincome households shall be designed specifically for oceupancy by elderly or haudicapped persons. The agency shall in each fiscal year, finance at least that number of rental units designed for occupancy and aceecssibility by persons with orthopedic disabilities necessary to make such unts equal to the same percentage relationship to the total numter of rental unats 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 relatiorship shall be verified according to submarket areas within the state
41501. The agency shall assist boucing sponsors in obtaining subsidies In selecting housing to be given assistance under this drvision, the agency shall give priority to those which are able to obtain subsidies but cannot obtain alternative financing in order to utilize such subsid'es The ageacy shall make every effort to obtain subsidy funds and nothing in this division shall preclude the agency from meeting the eligıblity 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 hmits for residents, and ray 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 housmg development. The agency mav develop or require bousing 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 uthlities or any community, municpal or pubhe fachities or services, (3) for the acquistion 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 Depart• ent 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 des'gnated by the agency any real property and appurtenances thereto or any interest therem owned by the state or local public entity which the agency shall certify as necessary for its purposes Such certufication 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 mure 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, pity and county, or combination thereof acting jomtly, 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 mprovement loans shall be reviewed by the local housing agent, if any, for the area in which the housing development or neighborhood improver ent 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 appheation 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 corsisent with the provision of a full range of housing opportunities within the jarisdiction of the local housing agent
(3) The proposed housing development would be in complia ce with applicable federal, state, and local laws, meluding laws prohibiting discrimination in housing

An application shall be deemed approved if the local housing agent falls 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 (e) 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 applieation to obtain funds for communty development or housing
(2) The housing element of the local agency shall make adequate provision for all econome and racial segments of the communty in new and rehabulatated housing throughout its jurisdiction.
(3) The local housing agent shall develop or spectfy a procedure, which shall be identified in its application to the agency, to expedite the processing of zonmg changes, use permits, building permits environmental clearance, and any other type of permit, approval, or clearance which may be required by the eity, county, or city and county or by any other local public entity or governmental agency pr.or to construction or rebabilitation 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 bousing 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 tume a local housing agent eeases to meet the criteria specified in subdivision (b), the department may decertify the local housing agent Certufication of the local housing agent shall be reviewed annually by the department Recertfication shall not be granted of the department finds that, during the preceding year, the local housing agent has unreasonably dented approval of applications or has ceased to perform its functions under subdivision (a).
41513. To facihtate coordinated plannmg on an intergovernmental basis, the agency shall provide an opportumty for review and comment by areawide clearnghouses under circular A-95 of the United States Office of Management and Budget Subsequent amendments shall be reviewed to assure their conformity whth 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 dusapproves 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 proceedurg despite such disapproval No local agency shall be required to contribute money to be expended to pay the costs of the requirements of this sec'ion

## Crapter 6 Neighbophood Preservation

41550 This chapter empowers the agency to designate participating co: centrated rehabilitation areas and participating mortgage funds assis ance areas an d to enter into agreements with local pubhe entities for s"stema'se code enforcement It does not limit agency powers to provide corst uction loans and mortgage loans involving the rehabilitation of housirg developments as provided in Chapter 5 (commencing with Section 41450) of this part, nor does it prevent loans for new col struction purcuant to Chapter 5 (commencong with Section 41450) in areas where finaneirg is provided pursuant to this chapter
415505 . The agency shall, after public hearings, establish prioritues for the allocation of financing assistance pursuant to this chapter among eligible areas and countres and cities throughout the state In so dong, the agency shall take into account the following factors, to the extent applicable:
(a) The impact of financung assistance in upgrading substandard residential structures to decent, safe. and sanitary condition
(b) The impact of finanong assistance in stabiluzing urban neighborhoods and preventing or arresting the process of deterioration
(c) The impact of financing assistance in effectuating the efficient utiluzation of commitments of housing subsidies, thereby uncreasing housing opportunties for low and very low income households.
(d) The mpact of financing assistance in complementing the local utilization of community development funds made avallable pursuant to Title 1 of the Housing and Community Development Act of 1974 (Public Law 93-383).
(e) The avalability and feasibility of alternative means to acheve substantally the same results as finanemg assis'ance 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 coucentrated 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 lcoal program of concentrated code enforcement
(d) Rehablitation 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 uthlity hnes, and const uction of drainage faclities in the area for which elhgibil.ty has been requested, and (2) provide concentrated and contmuing enforcement of state and local housing and bulding 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 reiocation advisory assistance for persons unavoidably displaced due to sehabilitation.
(h) The supply of housing avalable to very low-income houschoids at affordable rents and the suppiy of housing available to other persons and famblies of low or mode-ate meome at affordable rents will not be reduced withn the area because those dusplaced will receive relocation payments and be abie to ostain stadard housing in the area Alternat.vely, standard housing will be available at affordable rents in equally desirable neighbos hoods, expanding the range of housing opportunitues for miaority enct row ncome persons.
(1) The local puiblic evrity has adopted a housing element in conplavice with Section 65308 of the Government Code with housing element gudelnes which sets forin an effective plan for systemainc enforcement of gtate and locai bulding and housing standards throughout its jurrsduction.
(j) whe crolication is eonsisierit with Locel housung assistance plans adopted pursuant to the Elousime and Community Development Act of 1974 (Pubic Law 93-383).
41552. Upon approval of an application for designation of an area as a participating concentrated rebabintation area, the ageney may enther:
(a) Enter into au agreement writh the local public entity for purchase by the agency of borda and notes issued pursuant to Chapter 3 (commencing with Scetion 37950) of Fart 13 of Division 24; or
(b) Enter inte an agreerent with the local public entity for a program of rehabintacion assislance as provided in Section 41553 or 41554, or both, to be ecministerad by the local publie entity; or
(c) Znter into an agreemeni with the local public entity for a program of rchabilitauna assistance as previded in Section 41553, or 41554, or both, to be admunistered by the agency, except that the agency shall make morigage loans oaly unoen the aonditions of Chapter 5 (commeneing with Scetion \$1450).
\&1553. Fmancmg assisiayce for housing developments in particupating concentrated rehabuhtaion areas shall melude any or all of the following types of loans
(a) Dovelowment loans to prepare for rehabilitation
(b) Mortgage loazs for purchase of housing developments rehabilitated oursuant to rules and eegulations of the agency
(c) Construction loans for renablitation, or for rehabilitation with acquisiticn or refinanemg
(d) Mortgage loans for rehabilitation, or for rehabilitation with acqusition or efinancing where the cost of acquisition and rehabulitation or the cost of rehabilitaion without refinancung exceeds the financhal capabluty of the owner, or would result in rents which are not competitive for the area, as determuned by the agency For owneroccupied housing developments, the terms and interest rates of such mortmage loans shall be commensurate with ability to pay, as established oy regulations of the agency.
41554. In addition, neighborhood improvement loans may be provided, on the following terms:
(a) Neighborbood 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 413325 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 puble entity administering the program and as provided for speeifically 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 qualifed 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 minmize 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 rehabilatation 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 rehatilitation 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 dollans ( $\$ 2,500$ ) 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 contimue 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 particupating mortgage funds assistance area, after soliciting maximum feasible particupation 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 rehabslitation 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 assstance 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 actıvity 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 morigage loans for rehannitation of housing developments as required in a citywide or countymide grograin of enforcement of state and local building and housing siandards. Such assistance may be administered by the local publice entity or the ageecy.

## Cabpter 7. Zevenue Зonds

41700. The agency may from ime to time issue its negotiable bonds in such prineipal amount as the agency, with the approval of the zousing Bond Credit Committee, shall deiermine to be necessary to provide sufficient funds for financing housing developments and oither Fesidential structures and for the payment of interest on bonds of the ageney, establishment of reserves to secure such bonds, and other expeaditures of the agency incident to, and necessary or convenient to, issuance of such bonds

Issuance of the bonds of the agexy 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 IO-day periods, within the 90 days next following. when the bonds could be issued, subject to approval of the Howsmg Bond Credit Commitiee. The agency may choose any date during the suggested periods or any other cate to which the agency and the State 'reasurer 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 monguaranieed bonds which may be issued pursuant to this pari shall not exceed three hondred milhon dollars ( $\$ 300,000,000$ ), exclusive of indebtedness incuraed to ceiund or renew previously issued bonds of the agency to the extent of the outstanding proncipal indebtedness of such previously issued jonds, including the payment of any redempion premium thereos and any interest accrued or to accrue to the date of redemption oit such boads Guaranteed taxable bonds to be issued by the ageacy may be autherized in an amount not exceeding one hwadred fifty million collars ( $\$ 150,000,000$ ).
Notwithstanding any other provisions of this part, oniy the following types of housing developments and oíher residential siructures are elygible 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 \%itle VII of the Federal Housing and Community Developmem Aci of 1974.
(b) Housing developments and other residental structures financed with bonds of the agency thai are guaramieed, or the trmely 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 zusizess.
(c) Housing developments and other residential structares, the mortgage loans on which are expected to be msured 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 98-383).
(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 Elome 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 qualfied 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, elther coupon or registered, carry such registration privuleges, 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 ageney to secure the payment of the bonds or any 1ssue 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 apphed 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, of 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 boads 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 hen 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.

417055 . 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 exeeutive secretary shall serve in a fulltime capacity with a salary set by the committee. The execu'ive 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 413115 . 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 determme 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 assue 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 coutrol 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 avalable to such holders However, nothing in this section shall preclude the appointment of a trustee other than the State Treasurer, to represent and enforee rughts 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 hoard 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 Saeramento County shall have jurasdiction 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 signstures 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 inves'ment thereof may be used for any of the purposes of the agency, ineluding, 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 ageney to other funds or accounts of the ageney to the extent it does not reduce the amount of the bord 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 Accomint 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 know 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 ageney 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 ghall 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 insufficent 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 serying 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 holdexs 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 inerest 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 campanies, savings banks and savings associations, jnvestment comparies 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 cepital, 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 Staie of Califoraia 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 otligation 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, apon 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, Drvision 4, Title 2 of the Government Code.
41803. There shall be coilected each year and in the same manner and at the same time as other state revenue is collected such sum in addition to the ordnary revenues of the state as shall be requaed to pay the principal and interest on the bonds maiurmg in that year, and it is hereby made the duty of all officers charged by law with aly duiy in regard to the collection of such revenue to do and perto. m each ald every act which shall be necessary to collect such additional sum.
41804. There is hereby appropriated from the General Fund in tue 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 provisicns of this part as such princopal and interest become due and payable.
(b) Such sum os is necessary to cariy out the piovisucns of Section 41805, which sum is appropriated without regard to fiscal years.
41804.5 The General Oblgation 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 whthdrawal 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 Housung 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 derıved 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 Bend Account and moneys, property, and mortgages derived therefrom shall not be pledged to secure any oblgation 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 bcnds 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 maina ned, in the loan insurance reserve account cr accounts of the Housing Rehatilitation Insurance Fund for the purpose of secuing commitments and contracts of insurance for loans made or assisted pursrant to Part 3 (commencing with Section 81300 ) of this division. For ane-al otligation bond funds transferred th the Housing Rehab litat on Insurance Fund pursuant to this section the amounts necessary for the payment of principal, interest, and s'nking fund payments on such bonds shall be transferred from the Housing Rehabulitation Insurance Fund to the General Obligation Bodd Acconnt to the extent rescrves and working capital of the Housing Rehabilitation Insurance Fund would not be impaired.
41807. On the several dates on which funds are remited pursuant to Section 16676 of the Goverrmen 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 Cahfornia 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 Califorma Housing Finance Fund will not unreasonably impair the working capital of the California Housing Finance Agency. In the event moneys iransferred from the General Obligation Bond Account in the California Hous,ng Finance Fund to the General Fund on such remi' tance dates are less than the 'principal and interest then due and payable with respect, to the bonds, then the balarce remaining unpaid, together with interest thereon at the rate borne by such bonds compounded semannually from the date of maturity, shall be returned into the General Fund out of the General Obligation Bond Account in the Calfornia Housing Finance Fund as soon thereafter as it shall become available, without unreasonable mm pairment 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 apphicable to the bonds and to this part, and are hereby incorporated in thas part as though set forth in full herem
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 meanmgs:
(a) "Bond" means a s : et general obligation bond issued pursuant to this part and known as a state housing finance bond.
(b) "Board" means the Board of Direetors of the California Housing Finance Agency.
(c) "Committee" means the Housing Bond Credit Committee created by Section 41707.
(d) 'Fund" means the General Oblipation 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 shali 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 (comencing 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 (commeneing 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 respeets 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 sald 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 sald act, and those voting for said act shall do so by placing a cross opposite the words, "For the Housing Fmance Bond Law of 1975," and those voting against the aet 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 aforesad, 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 sard 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 herembefore provided, and shall be irrepealable untıl the principal and interest of the labilities 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 hondred 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 Ageney in excess of amounts required for the payment or securing of bonds or other reserves or obligations of the ageney 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 flnancing 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 obtaia 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 ageney 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:
BRUCE NESTANDE
PETER H BEHR
GEORGE MOSCONE
Senate Committee on Conference
PETER R. CHAGON
JOHN F. FORAN
Assembly Committee on Conference

## Requeat for Unanimous Cónsent

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 daring 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 Beport of the Conference Committee on Assembly Bill No. 1.
Pepert adopted by the following Fete:

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| Semer | Gegetim | Matlee | Tpomman Wuluer |
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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.

## RECE88

At 12:36 p.m., Speaker McCarthy deelared the Assembly recessed.
REASEEMBLED
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 FLEURT, Minute Clerk

## CALIFORNIA LEGISLATURE

1975-76 FIRTT EXTRAORDINARY SESSION

## ASSEMBLY DAILY JOURNAL <br> AXTY-EIGHTH LEBISLATIVE DAY

 ONE HUNDRED TWENTY-FIRST CALENDAR DAY.
## IN AgGEMBLY

## Assembly Chamber, Sacramento

Tuesday, June 17, 1975 '.
The Assembly met at $7 ; 52$ p.m.
Hon. Leo T. MeCarthy, 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:

| Alatorce | Collier | Knox | Perino |
| :---: | :---: | :---: | :---: |
| Antonovich | Oraven | Lancaster | Priolo |
| Arnett | Cullen | Lanterman | Ralph |
| Baclham | Davis | Lewris | Rablineon |
| Bane | Deddeh | Lockjer | Rosenthal |
| Bannal | Dixon | MacDonald | Siegler |
| Berman | Duffy | Maddy | Sleroty |
| Beverly | Ereland | MeAlister | Suitt |
| Boatwright | Fenton | Medsennan | Thomas, Vincent |
| Brigss | Foran | MoVittie - | Thomas, Willam |
| Brown | Garamendi | Meade | Thurman |
| Burke | Goggin | Miller | Torres |
| Calvo | Greene | Mobley | Vasconcellos |
| Campbell | Gualco | Montoya - | Vicencia |
| Carpenter | Hart | Mori | Warren |
| Chacon | Eayden | Murphy | Wjison |
| Chapple | Ingalls | Nestande | Wornum |
| Chel | Kapllofir | Nimmo | Z'berg |
| Chimbole | Keene | Papar. | Mr. Speaker |
| Cline | Keysor |  |  |

PRAYER
Upon invitation of Speaker McCarthy, the following prayer was offered by Reverend John Folmer of Immaculate Conception:Church:

God of the Iniverse, 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 ezistence as we ponder our problems and develop their solutions. Grant that whatever we may aceomplish will reflect and foster the beauty, vitality, and goodness of Your world and enrich the haman quality of our lives.-AMIEN.

## 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 leaye 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

## ASSEMBLY DAILY JOURNAL

## SIXTY-NINTH LEGISLATIVE DAY <br> ONE HUNDRED TWENTY-SECOND CALENDAR DAY

IN ASSHMRLY

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, prev 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-78:

Alatorre
Antonovech Arnett
Badham
Bane
Bannaj
Berman
Beverly
Boatwright
Briggs
Brown
Burke
Calvo
Campbell
Carpenter
Chacon
Chappie Chel
Chimbole
Cline

Collier Craven Cullen Davia Deddek Dikon Dufity Egeland Fenton Foran Garamendi Gogen Greene Gualco Hart Hayden Ingalls Kaphlof Keene Keysor

| Knox | Perino |
| :--- | :--- |
| Lancaster | Priolo |
| Lanterman | Ralph |
| Lewia | Robinson |
| Lockyer | Rosenthal |
| MacDonald | Siegler |
| Maddy | Sieroty |
| MeAlister | Suitt |
| McLennan | Thomas, Vincent |
| McVittie | Thomas. William |
| Meade | Thurman |
| Miller | Torres |
| Mobley | Vasconcellos |
| Montoya | Vicencia |
| Mori | Warren |
| Murphy | Wilson |
| Nestande | Wornum |
| Nimmo | Zberg |
| Papan | Mz. Speaker |
|  |  |

Quorum present.
REGULAR BUSINESS DISPENBED WITH'
By unan mous 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 Crerk"

## CALIFORNIA LEGISLATURE

1975-76 FIRST EXTRAORDINARY SESSION

## ASSEMBIY Dally Jounnal

SEVENTIETH LEGBLATIVE DAY
ONE HUNDRED TWENTY-THIRD CALENDAR DAY

## ITT ASEEMBLY

Assembly Chamber, Sacramento
Thursday, June 19, 1975
The Assemply met at 1 p.m.
Hon. Louis J. Papan, Speaker pro Tempore of the Assembly, pregiding.

Chief Clerk James D. Driscoll at the Desk.
Assistant Clerk Ray Monday reading.
ROḶL CALLL
The roll was called.

## Quorym Call of tha Aospmbly

Pending the announcement of the vote, Mr. Greene-moved a quoram 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.

## Spoakket Presiding

At 1 :20 p.m., Hon. Leo T. MeCarthy, 18th District, presiding.

> PROCEEDINGS UNDER CAL4 OF THE ASSEMELY BY UNANIMOUS GONSENT QUORUM PRESENT

At 1:25 p.m., Speaker MeCarthy declared a quorom of the Assembly ,present.

The roll call was completed, and the following answered to their names-75:

| Alatorre | Collier |  | Lancaster | Priole |
| :---: | :---: | :---: | :---: | :---: |
| Althonowiph | Craven |  | Lanterman | Palph |
| Arrett | Cullen |  | Lewis | Robingom |
| Bane | Davia |  | Lockyer | Rosenthal |
| Barinai | Deddeh | , | MacDonald | Siliggler |
| Brespan | Dixon |  | Maddy | Sieroty |
| Beverly | Dutty |  | Mcalister | Suitt |
| Boatwright | Eseland |  | McJendan | Thomas, Yineent |
| Brizts | Fenton |  | alctiotio | Thomas, Wilkem |
| Brown | Foran |  | Meade | Thurmen |
| Burke | \& Garamend |  | Nailler | Torres |
| Calvo | Gorgin |  | Mobley | Vasconcellos |
| Campbell | Greehe |  | Montoya | Vicencla |
| Carperser | $\checkmark$ Gualeo |  | Mori | Warren |
| Chacon | Hart |  | Murphy | Wiamon |
| Chappia | Ingalls |  | Nestande | Wornum |
| Chel | Keene, |  | Nimmo | 27bers |
| Chimbola | Keybor |  | 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. Jsord, help us to do those things that are most pleasing in Thy Sight.-AMEN.

## pledge of allegiance to the flag

Upon request of Speatker MeCarthy, Mr. Calvo then led the Assembly in the pledge of allegiance to the Flag.

READING OF THE JOURNAL DISPENSED WITH
By unamimous consent, reading of the Journal of the prexipus legislative day was dispensed with.

## Leaves of absence for the day

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

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 legialative business pursuant to the Assembly Rules, wee Assembly Daily Journal for the Regular Sescion for this das.


Senate Chamber, Joue 19, 1975
Mr. Epeaker: I am directed to inform your honorable body that the Jenate on this liay adopted the report of the Committee on Conference concerning:

## Azsombly Bill Mo .1

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

## REQUEST FOR UNANIMOUS GONBENT. TO RESCIND ACTION

 ON AssEMBLY BILL NO, 1Mr. 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 Jane 16, 1975.

## REPORT OF COMMITTEE ON CONFERENGE

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, Halph,".

## Amendment 5

In line 9 of the heading, strike out "Wornum, and Ralph", and insert "and Wornum".

## Amendment

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 certficates 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 oblugations 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 75 (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: (I) 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 motivatung 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 withn 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 farnily 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 famihes of low or moderate income.
41003. The Legslature 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 familes 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 unwillng 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 subsidnes 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 avordance 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 arded 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-mterestrate 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 approprate 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 cttizen 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 derolopment.

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 Calfforma, 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 disabihty 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 elgible 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 acqusition of exasting 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 improvernent 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

410535 "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 famihes 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 famulies 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 famulies 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 desıgnated 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 mized 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 relatung 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.
41107. The department shall be the principal state department responsible for cocrdinating 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 Califorma 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 bouseholds 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 ocher 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 acheved 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 systerms in two or more countres 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 I of Division 3 of Title

2 of the Government Code. After consultertion with the State Office of Planning and Research, the department may, from time to time, revise such guidelines.

The department may review locsi housing elements for conformity with the requirements of Section 65302 of the Government Code and guideỉnes adophed pursuant thereto, and report its findings. The department may, in connection with any loan or grant application submitted so 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 Aci of 1974 (P.L. 93-383).
41135. The department shall adopt guidelines relating to relocation assistance by public entities, as denined in Section 7260 of the Government Code, pursumnt to the provisions of Chapter 16 (commencing with Section 7280 ) of Division 7 of Title 1 of the Government Code. The depariment may provide consulting and technical assistance to such public encities in drafting and amending rules and regulations relating to relocation assistiance 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 gudelines for the preparation of affirmative plans by local public entities pursuant to Section 65008 of the Government Code.

4l137. The department may mitiate, develop, and propose regulations for adoption by the agency and review regulations proposed by the board prior to their caking effect, with respect to the following:
(a) Standards for affirmetive 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 $\$ 1395$ or Section 41511 will primarily benefit persons and families of low or moderate income living in a housing development or a residenisal structure.
(c) Regulations permitting grants so 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 elhgibility for relocation assistance for individuals and families displaced by actions of the agency or of housing sponsors of housing developments or neighborhood improvernent loans
(e) Criteria for qualification of persons, families, and households as persons and families of how 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 rehablitation, 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 finances as housing developments or neighborhood improvernent 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, this Secretary of the Business and Transportation Agency, or a representative of the secretary specifically designated for sui ${ }^{\text {² }}$ review and approval.
41138. The department may certify local housing agents, sno 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 losed public entity, provide advisory assistance or staffing for development of new and rehabilitated housing for persons and families of low omoderate income, the elderly, and persons displaced by governmental action, and in the development of programs to conec: or eliminate blight and deterioration and to effect commurity development or redevelopment.

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

The department may provide technical assistance in develeq:az housing for students and faculty of unversities and colleges upor. the request of a potential housing sponsor, or at the request of b , $=$ governing board or other agency of a university or college.
41161. The department may furnish counseling and guidanus services to aid any governmental agency or any private or nonprofi ${ }^{-}$ organization or persons in securing the financial aid or cooperation: of governmental agencies in the undertaking, constructicis. maintenance, operation, or financing of housing for Indians, farra laborers and their families, persons and families displaced by actic: of any state or local public entity, workers engaged in cultisus, processing, milling, handling, or shipping lumber or lurrine: 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 availahiliry of federal funds, experimental or demonstration projects fos 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, wn persons and families of low or moderate income. Such contracts ar sponsorship agreements may be between the department and loral public entities, private enterprise, or nomprofit organzations.

41162 The department shall encourage research auti demonstration projects to develop new and better techniques, including techniques of rehabilitation, for increasing the qualsty and supply of housing for persons and fammes 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 resting 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 authonties 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 月uency 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 I. 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 shall be deemed and held to the powers conferred by this division public function.
41301. The consisting of 11 voting members, ininistered by a board of directors Treasurer, the Secretary of the Bu, including a chairperson. The State and the Director of Housing and Conss and Transportation Agency, designees, shall be members, in addition to Development, or their by the Governor, one member appoint fo five members appointed Assembly, and one member appointed by the Speaker of the Committee. The Director of Financeonted by the Senate Rules of Planning and Research of Finance, the Director of the State Office president of the agency shall serve as nonvotind the executive vice 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 achieve such diversity or specific ratios be applied in order the one shall be an elected official of a city appointed by the Governor, planning or implementation of a chousing, housing engaged in the housing rehabilitation program; a housing, housing-assistance, or tial real estate in the savings; one shall be experienced in residenmercial banking industry; one shall be mortgage banking, or comresidential housing; one sone shall be experienced as a builder of the residential construction ind experienced in organized labor of in the management of rental housing and one shall be experienced households. At least one of tal housing occupied by lower-income nor shall be a resident of a rural members appointed by the GoverRules Committee and the Speaker nonmetropolitan area. The Senate a tenant living in rental housing fin the Assembly shall each appoint experienced in counseling assistingnced by the agency or a person terms of the members initially appoing, or representing tenants. The ate Rules Committee, and the spointed by the Covernor, the Senfollows:
(a) An elected official of a city or county engaged in the planning rehabilitmentation of a housing, housing-assistance, or housing
(b) Member experienced years appointed by the Governor. and loan mortgage banking or residential real estate in the savings years appointed by the Governor.
(c) Member who is exprier.
housing-six years appointed by the Gas a builder of residential
(d) Member experienced by the Governor.
construction industry-two years appoized labor of the residential
(e) Member experienced in appointed by the Governor. occupied'by lower-income households magement of rental housing

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, nu member of the board and no officer or employee of the agency shali be employed by, hold any paid official relation to, or have nay financial interest in, any housing sponsor or any housting development financed or assisted under this part. No real properiy to which a member of the board or an officer or employec of the: agency holds legal title or in which such person has any finannia: interest shall be purchased by the agency or sold by such mematea of the board or officer or employee of the agency to a housing spons. . for a housing development to be financed under this part.

Any violation of this section shall be a conflict of interest whic ${ }^{-2}$. shall be grounds for disqualification of the member from the borrd or the officer or employee of the agency from his office $n^{-}$ employment with the board or agency.
(b) Except as provided by subdivision (c), the following ant.i... shall be voidable in the discretion of the agency:
(1) Any purchase by the agency of real property in which : member of the board or an officer or employee of the agency har legal title or a financial interest.
(2) Any commitment by the agency to provide financent assistance to a housing sponsor in which a member of the board or officer or employee of the agency is employed, holds any officia: relation, or has any financial interest.
(3) Any commitment by the agency to provide financiai 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 agencv has or has had legal title or any financial interest in such real property.
(c) Any commitment by the agency to provide firamaia: assistance under the circumstances specified in paragraph (2) or (i); of subdivision (b) shall not be voidable following release of the fund", but shall be grounds for acceleration of the loan or prospectw: termination of a contract of financial assistance.
41306. Board members shall be removable solely for cause.
41307. The Governor shall appoint a chairperson who, whe. present, shall preside at meetings of the board. The term of tr : chairperson shall be five years.
41308. The Covernor 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 direc* 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 thatsemployees of the agency whose salaries are not paid from moneys appropriated to the agency from the General Fund, other thas 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. Mernbers 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 $4170 \%$ 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 neome 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 or 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 mantaining or increasing the impaction of low-mcome 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 acquistion 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 sumilar 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 munority 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 connecton 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 subcontractars 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 busmesses to insure that, to the greatest extent feasible, the particrpants 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-1nsured 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 peicent 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 residental 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 accuing 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 tume 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 drposit 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, notwrthstanding 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 statstical 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 maderate 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 audst 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 regulatons 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 pubhe 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 peiform 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 thus part.
41386. The agency shall be a state representative for purposes of recelving 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 morigage 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 feasibulity of the housing development, (b) the financtal elagibility 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 polices of dispersing housing developments throughout communities and of avording 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 famihes 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 recastang 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 famlies 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 familes 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 rehablitation, 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 recerve 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 famuly's mability 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 116la 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 Civl 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 detaner 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, ani 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 meanıng 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 Quahfied 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 (commencmg 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 quahfied 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 biddmg, 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 fillng 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 mstrtution.

## 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 US 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 faclities 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 faclities. 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 detanled 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 nomprofit 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 affars 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 shsill, subject to available subsidies be made available on a priority basis to very low income households until the number of anits 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 nor 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 pubhe 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 Joan 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 entify, 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 struchures in the area is economically feasible.
(f) The local public entity has offered to coniract with the agency to (1) provide necessary supporing neighborhood public improvements and services, such as street improvements, landscaping and acquisition of open space, mandergrounding 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 raake every effori 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, siandard housing will be available at affordable rents in equally desirable neighborhoods, expanding the range of housing opportumities for minority and low-income persons.
(i) The local public entiry 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 Commurnity 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 agreemeni 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 A1450).
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 financiai 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 tot pay, as established by regulations of the agency.
41554. In adddition, 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 9 (commencing with Section 41331) of this part, but excluding Sectinns 41332.5 and 41338.
(2) All powers and duties specified in Chapter 4 (commencing with Section 41385) as to housing developments shall apply tif residential structures financed by neighborhood improvement loans except that the exercise of powers specified in Sections 41398 shal: 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 providsfi 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 br occupied by the owner may be made at lower irterest rates based un income.
(c) Neighborhood improvement loans shall be made by thes 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 otherwist 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. Helocation 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 shail 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 takable 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, e 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 anmual 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 saie 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 revemues 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 mortguges 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 Band 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 protenting 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 func, as provided in Secion 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 furd 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 arnount 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 defned 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 reserye fund, established pursuant to Section 41713 to secure such bonds or any previous issuance of bonds, will be less than the minimam 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 know as supplementary reserve accounts, but the amount appropriated to the Supplemeniary Bond Security Account shall be utilized to secure issuances of bonds under this chapter as deemed necessary by the agency and shall be used ser mo other purpose. Upon issuance of any bonds pursuant to this chapter, the agency may create a supplementary reserve accoums to secure payment of the principal of, and interest and sinking fond 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 Tressury of the amouni advanced to the Supplementary Bond Security Account by the act enacting this division, less any amount̂ previously repaid on accounk 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 tacation 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 comparies, 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 shail 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 amnounts 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 o-dinary 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 appropiated 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 annualy 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 refurned 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 therefiom 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 dare 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 ths 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 imparred
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 Californa Housing Finance Agency. In the event moneys transferred from the General Obligation Bond Account in the Calfforna Housing Finance Fund to the General Fund on such remittance dates are less than the pnocipal and interest then due and payable with respect to the bonds, then the balance remaining unpand, 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 submussion of measures proposed by the Legislature shall apply to the measure submitted pursuant to this act. A ballot pamphlet shall be prepared, compled 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 pamphiets 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 agaunst 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. 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 irrepealable 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 require'nents in subdivision (e) of Section 41385 which rules and regalations 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 wndersigned consent to the report:

GEORGE N. ZENOVICH
PETER H. BEHR
G. MOSCONE

Senate Committee on Conference
Report presented by Mr. Chacon, and adopted by the following vote:

BRUCE NESTANDE PETER R. CHACON JOHN F. FORAN

| AYES-61 |  |  |  |
| :---: | :---: | :---: | :---: |
| Alatorre | Deddeh | Lockyer | Ralph |
| Arnett | Dixon | MacDonald | Robinson |
| Bane | Duffy | Maddy | Rosenthal |
| Bannai | Egeland | MeAlister | Siegler |
| Berman | Fenton | MeVittie | Thomar, Vincent |
| Beverly | Foran | Maller | Thomas, Wrllam |
| Boatwright | Garamendi | Mobley | Thurman |
| Brown | Greene | Montoya | Torres |
| Calvo | Gualco | Mori | Vicencia |
| Carpenter | Hart | Murphy | Warren |
| Chacon | Ingalls | Nestande | Wilson |
| Chel | Keene | Nimmo | Worsum |
| Chimbole | Keysor | Papan | Z'berg |
| Graven | Knox | Perino | Mr Speaker |
| Cullen | Lanterman | Priolo' |  |
| NOES-4 |  |  |  |
| Antonovich | Burke | Cline | Lancaster |
| Briggs | Campbel] | Collier | McLennan |

Above bill ordered enrolled.

## RECES8

At $1: 35 \mathrm{p} . \mathrm{m}$., 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 MeCarthy 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. MeVittie and Keysor, "Aye"; Messrs. Campbell and Antonovich, "No"; Mr. Robinson, "Aye".

June 19, 1975 Assembly Journal 585
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

## ASSEMBIY DAlly JOURNAL

SEVENTY-FIRST LEGIBLATIVE DAY ONE HUNDRED TWENTY-FOURTH CALENDAR DAY

IN AgSEMBLY

Assembly Chamber, Sacramento
Friday, June 20, 1975
The Assemably met at $2: 47$ p.m.
Hon. Leo T. McCarthy, Speaker of the Assembly, presiding. Chief Clerk James D. Driseoll 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 | Crapen | Lanterman | Ralph |
| Arnett | Culten | Lewis | Robinson |
| Badham | Davis | Lockyer | Rogenthal |
| Bane | Deddeh | MacDonald | Siegler |
| Bannai | Dixon | Maddy | Sieroty |
| Berman | Duffy | McAlister | Suitt |
| Beverly | Egeland | McLennan | Thomas, Vincent |
| Boatwright | Fenton | McVittie | Thomas, Wiham |
| Briggs | Foran | Meade | Thurman |
| Brown | Garamendi | Miller | Torres |
| Burke | Greene | Mobley | Vasconcellos |
| Calvo | Gualco | Montoya | Vicencia |
| Carpenter | Hart | Mori | Warren |
| Chacon | Hayden | Murphy | Wileon |
| Chapple | Ingalla | Nentande | Wornum |
| Chel | Kaploff | Nimmo | Z'bers |
| Chimbole | Keene | Papan | $\mathbf{M r}$ Speaker |
| Clne | Keysor | Perino |  |

Quorum present.

## PRAYER

Upon invitation of Speaker McCarthy, the following prayer was offered by Honorable Robert P. Nimmo, Member, 29th District:

Give $U_{s}$ Today, Father, The grace of friendlmess 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 histen 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 MeCarthy, 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 AB8ENCE FOR THE DAY

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

Mr. Campbell, on request of Speaker MaCarthy.
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.

NOTE: For letter explaining the absence of Mr. Konx on this day on legislative business pursuant to the Assembly Rules, see Assembly Daily Jourial for the Regular Session for this day.

## RECESS

At 2:48 p.m., Speaker MeCarthy declared the Assembly recessed. REASSEMBLED
At 8:31 p.m., the Assembly reconvened.
Hon. Leo T. McCarthy, Speaker of the Assembly, presiding.

## REPORTS OF BTANDING COMMITTEES

Committee on Waye and Meant
Assembly Chamber ${ }_{r}$ June 20, 1975
Mr. Speaker : Your Committee on Wnys and Means reports:
Senate Bull No. 4
With amendments with the recommendation : Amend, and do pass, as amended FORAN, Charman
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. MeCARTHY, Speaker
ANABEL FLEURY, Minute Clerk

## CALIFORNIA LEGISLATURE

1975-76 FIRST EXTRAORDINARY SESSION

# ASSEMBLY DAlLY JOURNAL <br> SEVENTY-SECOND LEGISLATIVE DAY <br> ONE HUNDRED TWENTY-SEVENTH CALENDAR DAY 

## IN ABSAMBLY

> Assembly Chamber, Sacramento
> Monday, June 23, 1975

The Assembly met at 6:21 p.m.
Hon. Leo T. MeCarthy, 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 | Callier |
| :---: | :---: |
| Antonovich | Craven |
| Arnett | Cullen |
| Brdham | Davis |
| Bane | Deddeh |
| Bannai | Dixon |
| Berman | Dutiy |
| Beverly | Eseland |
| Boatwright | Fenton |
| Briggs | Foran |
| Brown | Garamendl |
| Burse | Gogbin |
| Calvo | Greene |
| Campbell | Gualen |
| Carpenter | Hart |
| Chacon | Hayden |
| Chappre | Ingalls |
| Chel | Kapilotir |
| Chimbole | Keene |
| Cline | Кеумог |

Knox
Lancaster
Lanterman
Lewia
Lockyer
MacDanald
Maddy
MrAlister
Mclennan
MrVitie
Meade
Mnller
Mobley
Montaya
Mori
Murphy
Nestande
Nimao
Papan

Perino
Priolo
Ralph:
Robinson
Rosenthal
Slegler
Sieroty
Suitt
Thomes, Vineent
Thomas, Whilam
Thurman
Torres
Vasconcellos
Vieencia
Warren
Wispon
Wornum
Z'bers
Mr. Speaker

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.

## Gonsidaration of Committee Amendruente

The following amendments, proposed by the Committee on Ways and' Means, were read, and adopted:

Sot Ne 1
Amendmant 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 8
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 6
On page 4, line 1, after 'market", insert "such'.
Amondmant 6
On page 5, line 2, after "agency", insert "to the extent lending is permitted under Chapter 5 (commencing with Section 41450) of Part $3^{\prime \prime}$.

## Amondmant 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 struictures 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."

## Amandment 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 statisties 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 ont "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 $2 \mathbf{2}$
On page 10, line 34, strike out "or savings and loan associations', and insert "or other financial institutions".

Amendment $2 \underset{\text { ஷ̀ }}{ }$
On page 10, line 35, strike out "moneys", and insert "deposits".

## Amendmont 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' ${ }^{\prime}$.

## Amendmont ${ }^{25}$

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 20

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'".

Amondment 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".
Amondment 42
On page 18, line 3, after "of", insert "residential".
Amendment 48
On page 18, line 7, strike out "At", and insert "Except for loans insured pursuant to subdivision (d), at'".

## Amendmant 44

On page 18, line 14, after "owner-occupied", insert "residential".

Amendment 45
On page 18, line 24, after "the", insert "residential".
Amendment 48
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 48
On page 18, line 34, after 'one", insert "'residential".
Amendment 80
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".
Ameridment 64
On page 19, line 24, after "loans", insert ", but only to the extent necessary to prevent unreasonable impairment of the agency's security'.

## Amendment 65

On page 19, line 32, after " of", insert "residential".
Amendment Eb
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'".
Amandmant $\mathrm{EB}_{8}$
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".

## Amendmant 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 ageney 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.' ${ }^{\prime \prime}$

## Amandment 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 $6: 22 \mathrm{pm}$., 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

# ASSEMBIY DAILY JOURNAL 

## SEVENTY-THIRD LEGIBLATIVE DAY <br> ONE HUNDRED TWENTY-EIGHTH CALENDAR DAY

## LN A8sEMBLT

Assembly Chamber, Sacramento
Tuesday, June 24, 1975
The Assembly met at $6: 58$ p.m.
Hon. Leo T. McCarthy, Speaker of the Assembly, presiding.
Ghief 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 |
| :---: | :---: | :---: | :---: |
| Antonopich | Craven | Lancaster | Priolo |
| Arnett | Cullen | Lanterman | Ralph |
| Badham | Davis | Lewis | Rabluson |
| Bane | Derddeh | Lockyer | Rosenthal |
| Baдnai | Dixań | MacDonald | Stegler |
| Berman | Dufty | Maddy | Sieraty |
| Beverly | Egeland | McAlister | Suitt |
| Boatwright | Fenton | McLennam | Thomas, Fincent |
| Brigge | Frozan | McVattue | Thomas, Wilham |
| Brown | Garamendi | Meade | Thurmat |
| Burke | Gogrin | Miller | Torres |
| Calvo | Greene | Mobley | Vasconcellos |
| Camphell | Gualco * | Montoya | Vicencia |
| Carpenter | Hart | Mori | Warren |
| Chacon | Hayden | Murphy | Whlson |
| Chappie | Ingalls | Nestande | Wornum |
| Chel | Kapilofi | Nimmo | Z'berg |
| Chimbole | Keene Kegsor | Papan | Mr. Speaker |

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 Califorria. 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, homility, and always with abundant care and concern.-AMEN.

## pledge of allegiance tó the flag

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

## MOTION TO DISPEN8E 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.

## BENATE BILLS RETURNED TO BECOND READING FILE PURSUANT TO THE RULES

Pursuant to the Assembly Rules, the following Senate bill was this day on the second reading file:

Slenate Bill No. 4, ordered to third reading.

## COMMUNICATIONS

Assembly Chamber, June 24, 1875
Mr. Speaker : Purguant to your instructions, the Chief Clerk has examined :
Aesembly Bill No. 1-An act to amend Sections 11552, 11556, 16522, and 58851 of the Government Code, and to add Divigion 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 1985 , relating to housing, making an appropration 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 loang for financing housing developments, and providing for the submission of the bond measure to the people at a special election to be consolldated 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.

[^1]ANABEL FLEURY, Minute Clerk

# ASSEMBLY DALIY JOURNAL 

## gEVENTY-FOURTH LEGISLATIVE DAY ONE HUNDRED TWENTY-NINTH CALENDAR DAY

## IN ASSEMBLY

## Assembly Chamber, Sacramento

Wennesuay, duнe $\mathbf{c o}, 18 / 5$
The Assembly met at 6 :23 p.m.
Hon, Leo 1. liclartny, speaker of the Assembly, presiding. Uhiet Ulerk James D. Uriscoll at the Desk.
Assistant Ulerk kay Monaay reaang.

## ROLL CALL

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


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 i
"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 ABSENGE 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 pm., Speaker McCarthy declared the Assembly adjourned until 9 a.m., Thursday, June 26, 1975.

LEO T. MeCARTHY, Speaker
ANABEL FLEURY, Minute Clerk

## CALIFORNIA LEGISLATURE

## 1975-76 FIRST EXTRAORDINARY SESSION

# ASSEMBIY DAlLY JOURNAL 

# SEVENTY.FIFTH LEGISLATIVE DAY ONE HUNDRED THIRTIETH CALENDAR DAY 

## IN ARSEMBLY

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 |
| :--- | :--- |
| Antonovich | Craven |
| Arnett | Cullen |
| Badham | Davis |
| Bane | Dedith |
| Bannai | Gron |
| Berman | Duffy |
| Beverly | Egeland |
| Boatwraght | Fenton |
| Briggs | Foran |
| Brewn | Garamendi |
| Burke | Goggin |
| Calvo | Grene |
| Campbell | Gualeo |
| Carpenter | Hari |
| Chacon | Hayden |
| Chappie | Ingalis |
| Chel | Kaploff |
| Chimbole | Keene |
| Cline | Keysor |

Knox
Lancaster
Lanterman
Lewis
Lockyer
MacDonald
Maddy
McAlister
McLennan
MeVittie
Meade
Miller
Mobley
Montoya
Mort
Murphy
Nestande
Nimamo
Papan
Perimo

Priolo
Ralph
Rohinson
Rosenthal

Quorum present.

PRAYER
Upon invitation of Speaker MeCarthy, 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 MeCarthy, 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.

## messáges froin tine senate

Senate Chamber, June 26, 1875
Mr. Speaker: I am directed to inform your honorable body that the Senate on this day adopted:
Senate Concurrent Resolution No. 2
DARRTL R. WHITE, Secretary of the Senate By John W. Rovane, Chief Assistant Necretary

## FIRST READING AND REFERENCE OF SENATE BILLS

The following resolution was read:
Senate Concurrent Resolation No. 2-Relative to recess of the Legislature.

## ADJOURNMENT

At 6:12 p.m., Speaker MeCarthy declared the Assembly adjourned until 8:30 a.m., Friday, June 27, 1975.

LEO T. McGARTHY, Speaker
ANABEL FLEURY, Minute Clerk

## CALIFORNIA LEGISLATURE

## 1975-76 FIRST EXTRAORDINARY SESSION

## ASSEMBIY DAlIY JOURNAL

## sEVENTY-SIXTH LEGISLATIVE-DAY ONE HUNDRED THIRTY-FIRST CALENDAR DAY

## IN ABSEMBLY

## 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 | Cullén | Lanterman | Ralph |
| Arnett | Davis | Lewis | Robinson |
| Badham | Deddeh | Lockyer | Rosenthal |
| Bane | Dixon | MacDonald | Stegler |
| Banzai | Dufiy | Maddy | Sieroty |
| Berman | Egeland | McAlister | Sutt |
| Beverly | Fenton | MeLenian | Thomns, Vincent |
| Boatwright | Foran | McVittie | Thomas William |
| Briggs | Garamendi | Meade | Thurman |
| Brown | Goggin | Miller | Torres |
| Bucke | Greene | Mobley | Tucker |
| Calvo | Gualco | Montoya | Vasconcellos |
| Campbell | Hart | Mori | Vicencia |
| Carpenter | Hajden | Murphy | Whrren |
| Chacon | Ingalla | Nestande | Wuron |
| Chappie | Kapiloff | Nımmo | Wornum |
| Chel | Keene | Papan | Z'berg |
| Chmbole | Keysor | Perino | Mr Speaker |
| Cline | Knox |  |  |

Quorum present.

## PRAYER

Upon invitation of Speaker pro Tempore Papan, the following prayer was offered by Reverend Dr. Robert S. Romeis, St. Joḥ's Lutheran Church:

Almighty and Everlasting God, Give us the insight to see that budgets and figures and dollar signs are nore than ink upon paper and numbers that come out to neat balances. Make us look bey ond 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. Willam 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 |
| Antonorich | Cullen | Lanterman | Robinson |
| Arnett | Davis | Lewis | Rosenthal |
| Bane | Deddeh | Lockyer | Siegler |
| Bannai | Dufy | MacDonald | Sieroty |
| Berman | Egeland | Maddy | Suitt |
| Beverly | Fenton | McAlister | Thomas, Vincent |
| Boatwright | Foran | McLemnan | Thomas, William |
| Briggs | Goggin | McVittie | Thurman |
| Burke | Greene | Miller | Torres |
| Calvo | Gualco | Mobley | Vasconcellos |
| Campbell | Hart | Montoya | Vicencia |
| Carpenter | Hayden | Morı | Warren |
| Chacon | Ingalle | Murphy | Wilson |
| Chappie | Kapuloff | Nestande | Wornum |
| Chel | Keene | Nımmo | Z'berg |
| Chimbole | Keysor | Papan | Mr. Speaker |
| Cline | 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 $12: 02 \mathrm{pm}$., 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 RalphRelative 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:

| AYE8-65 |  |  |  |
| :---: | :---: | :---: | :---: |
| Alatorre | Datis | Knox | Perino |
| Badham | Deddeh | Lanterman | Ralph |
| Bape | Dixon | Lewis | Rosenthal |
| Bannai | Dufy | Lockyer | Slegler |
| Berman | Egeland | MacDonald | Sieroty |
| Beverly | Fenton | Maddy | Suitt |
| Boatwright | Foran | McLennan | Thoinas, Vincent |
| Burke | Goggin | Mcvitue | Thurman |
| Calvo | Greene | Meade | Torres |
| Camphell | Gualen | Miller | Vabconcellos |
| Carpenter | Hart | Mobley | Vicencia |
| Chacon | Hayden | Montoya | Warren |
| Chappie | Ingalls | Murphy | Wulson |
| Chel | Kaploff | Nestande | Wornum |
| Chimbole | Keene | Nımmo | Z'berg |
| Craven | Keysor | Papan | Mr. Speaker |
| Culien | NOES-1 |  |  |

Resolution ordered transmitted to the Senate.

## megsages from the genate

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

Senate Chamber, June 27, 1075
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 Fovane, Chief Assistant Secretary
Above resolution ordered enrolled.

## REPORTS OF STANDING COMMITTEES <br> 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, Cbairman
Committee on Ways and Means
Assembly Chamber, June 27, 1975
Mr. Speaker. Your Committee on Ways and Means reports:
Assembly Bill No. $2 \quad$ 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 BINE 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

Communicationg 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, 1875
Mr. Speaker: Pursuant to your instructions, the Chief Clerk has examined.
Assembly Concurrent Reaolution No. 1-Relative to adjournment of the 197576 First Extriordinary Session;
And reports the same correctly enrolled, and presented to the Secretary of State on the 30th day of June, 1975, at $11: 30 \mathrm{a} . \mathrm{m}$.

JAMES D. DRISCOLL, Cbief Clert


[^0]:    Quorum present

[^1]:    LEO T. McCARTHY, Speaker

