

October 15, 2002

TO: Persons interested in housing and community development issues

FROM: Senator Joe Dunn, Chair
Senate Housing and Community Development Committee

RE: 2002 Legislative Summary

The Legislature completed the 2001-2002 legislative session on August 31. Below is a summary of the bills related to housing and community development that were acted on in 2002. Bills noted with an asterisk relate to housing or community development in some fashion but were not heard by the Senate Committee on Housing and Community Development. For a list of bills acted on in the first year of the session, please review the 2001 legislative summary at http://www.sen.ca.gov/ftp/SEN/COMMITTEE/STANDING/HOUSE/_home/2001LEGISLATIVE_SUMMARY.HTM. To obtain the text or committee analysis for any individual bill, please visit the Senate's website at www.sen.ca.gov and click on "Legislation" to search for the bill. If you do not have internet access, please feel free to contact the committee at 916-445-8740.

HOUSING FINANCE

SB 369 (Dunn) restores local governments' ability to issue tax-exempt mortgage revenue bonds for affordable housing. (Chapter 12, Statutes of 2002)

SB 1227 (Burton) places a \$2.1 billion housing bond on the November 2001 ballot. (Chapter 26, Statutes of 2002, subject to approval by the voters as Proposition 46) The bond funds are allocated as follows:

<i>Multifamily Housing Program</i>	<i>\$910 million</i>
\$50 million for Preservation Opportunity Programs [SB 372]	
\$25 million for housing trust funds [AB 1891]	
\$20 million for space for supportive services	
\$15 million for student housing	
<i>Emergency Housing Assistance Program</i>	<i>\$195 million</i>
<i>Supportive Housing</i>	<i>\$195 million</i>

<i>Farmworker Housing</i>	<i>\$200 million</i>
\$25 million for migrant farmworker housing	
\$20 million for projects with health services	
<i>CalHome</i>	<i>\$205 million</i>
\$75 million for BEGIN [AB 1170]	
\$10 million for self-help construction management	
\$5 million for disability modifications	
<i>Code Enforcement</i>	<i>\$5 million</i>
<i>Down Payment Assistance</i>	<i>\$290 million</i>
\$50 million for Homebuyer Down Payment Assistance Program	
\$85 million for California Home Loan Insurance Fund	
\$25 million for Extra Credit Teacher Home Purchase Program	
\$12.5 million reserved for low-income families who have received homeownership counseling	
<i>Local Government Incentives</i>	<i>\$100 million [SB 423]</i>

***SB 1551 (Battin)** transfers \$1 million to the Armory Fund for the maintenance of specified National Guard armories used as emergency shelters. (Vetoed)

***AB 1486 (Dutra)** allows private mortgage insurers to insure home loans up to 103% of the fair market value of the real estate. (Chapter 429, Statutes of 2002)

HOUSING PROGRAMS

SB 372 (Dunn) creates the Preservation Opportunity Program within CHFA and the Interim Repositioning Program within HCD to help preservation purchasers gain control of at-risk affordable housing developments and allow time for a permanent preservation strategy to be implemented. (Chapter 721, Statutes of 2002, takes effect only if SB 1227 is approved by voters)

SB 423 (Torlakson) establishes the Workforce Housing Reward Program to provide infrastructure grants to cities and counties that provide land-use approval for new affordable housing developments. (Chapter 482, Statutes of 2002, takes effect only if SB 1227 is approved by voters)

SB 444 (Perata) authorizes HCD to allow the loans made under the Natural Disaster Assistance Program to be assumed by a member of the household under specified conditions. (Vetoed)

***SB 972 (Costa)** exempts from prevailing wage requirements self-help housing assistance; mortgage assistance or rehabilitation loans to individual homeowners; rehabilitation or expansion projects at homeless facilities that cost less than \$25,000; HomeAid-type shelter projects in which at least 50% of the cost is paid by private sources; and below-market rate loans for affordable housing. (Chapter 1048, Statutes of 2002)

SB 1495 (Torlakson) requires HCD, under the Jobs-Housing Balance Incentive Grant Program, to adjust housing production benchmarks for annexations or incorporations. (Chapter 503, Statutes of 2002)

***SB 1654 (Burton)** establishes the Office of Homelessness in the Governor's Office to coordinate the efficient use of existing state resources to improve the management and oversight of all state homeless programs. (Vetoed)

SB 1723 (Torlakson) allows HCD to adopt regulations to streamline the monitoring of grants and loans made under its various active and inactive programs. (Died in Senate Housing and Community Development Committee)

SB 1821 (Dunn) clarifies that tax-credit financed affordable housing units whose regulatory restrictions are expiring are subject to the state's preservation notice and sale requirements. (Chapter 1038, Statutes of 2002)

SB 1893 (Johannessen) indexes the maximum purchase price for homes assisted under the CalVet Farm and Home Purchase Program to the Fannie Mae loan limit for a single-family home and allows the Department of Veterans Affairs to lower rates for reservists called to active duty. (Chapter 473, Statutes of 2002)

***AB 748 (Chavez)** requires the Bureau of State Audits to conduct an analysis of the financial status and effectiveness of the Cal-Vet program. (Vetoed – Signing message directed the Inspector General within the Department of Veterans' Affairs to conduct an identical study within existing resources)

AB 1008 (Lowenthal) allows grants under the Code Enforcement Incentive Program to be made for capital expenditures, repeals the sunset date on the program and makes other changes to facilitate the use of bond funds. The bill further authorizes the University of California to request specified property tax information from county assessors and tax collectors to study the relationship between property tax delinquency and blight and eliminates redundant publication requirements for tax collectors. (Chapter 723, Statutes of 2002)

AB 1170 (Firebaugh) creates the Building Equity and Growth in Neighborhoods (BEGIN) program to make grants to local governments for downpayment assistance loans to low or moderate income first-time homebuyers who buy a home in a development that has benefited from various local government land use incentives. (Chapter 724, Statutes of 2002, takes effect only if SB 1227 is approved by voters)

AB 1891 (Diaz) provides matching grants to local governments or non-profit organizations to support existing and new local housing trust funds that are dedicated to the creation of rental housing affordable to lower-income households. (Chapter 725, Statutes of 2002, takes effect only if SB 1227 is approved by voters)

AB 2043 (Salinas) clarifies that HCD may make grants for the short-term rental or lease of migrant worker housing under the Farmworker Housing Grant Program only under extraordinary or emergency circumstances. (Chapter 494, Statutes of 2002)

***AB 2158 (Lowenthal)** requires the California Coastal Commission to ensure that coastal development permit conditions relating to affordable housing not expire during the term of the permit. (Chapter 297, Statutes of 2002)

***AB 2428 (Correa)** allows members of the California National Guard and United States reserve units called to active duty to be eligible for Cal-Vet home loan benefits. (Chapter 419, Statutes of 2002)

AB 2476 (Rod Pacheco) allows HCD under the Interregional Partnership Program to distribute funds for local or regional studies, as opposed to just interregional efforts, that address the impact of jobs-housing imbalance on transportation systems and develop strategies to promote greater balance. (Died in Senate Appropriations Committee)

***ACR 236 (Salinas)** establishes an Agricultural Worker Health and Housing Commission, and requires the commission to report to the Legislature regarding the agricultural industry's ability to compete in the global marketplace and how to improve the housing and health conditions of agricultural workers. (Resolution Chapter 178, Statutes of 2002)

PLANNING AND LAND USE

SB 910/SB 498 (Dunn) restructures the Regional Housing Needs Assessment process, imposes fines on communities that fail to receive HCD approval of their housing element for two successive cycles, and enhances private housing element enforcement mechanisms. (SB 498 failed passage in the Assembly Housing and Community Development Committee)

***SB 1432 (Alpert)** provides that any jurisdiction within SANDAG that is authorized to self-certify its housing element is entitled to the same participation in state programs funded by the 2002 housing bond as those jurisdictions with HCD-approved housing elements. (Chapter 711, Statutes of 2002)

***SB 1521 (Kuehl)** requires the Office of Planning and Research to develop model planning practices and policies that emphasize land uses that are economically, socially, and environmentally sustainable, and requires state agencies making competitive grants to give bonus points to communities whose policies have been determined by OPR to be consistent with the model. (Died in Assembly Appropriations Committee)

SB 1634 (Figueroa) requires the Regional Housing Needs Assessment to incorporate measures to improve the balance of employment and housing within each region's employment center. (Died in the Senate Housing and Community Development Committee.)

SB 1721 (Soto) clarifies that the anti-NIMBY statute covers the use of design review standards to block a proposed housing development and that the law applies to farmworker housing. (Chapter 147, Statutes of 2002)

***SB 1925 (Sher)** recrafts the existing CEQA exemptions for farmworker housing and affordable housing and creates a new infill housing exemption. (Chapter 1039, Statutes of 2002)

SB 2074 (Karnette) authorizes a local government to include in its housing element an inventory of the infrastructure needs of the city or county as these needs relate to housing development, priorities for future infrastructure needs, and options for financing these needs. (Died in Senate Housing and Community Development Committee)

***AB 857 (Wiggins)** establishes smart-growth priorities for state infrastructure planning, requires future plans to be consistent with these priorities, and requires the Governor to establish a process for resolving planning or project conflicts between state agencies. (Chapter 1016, Statutes of 2002)

AB 1866 (Wright) requires local governments to approve second units (also know as in-law units or granny flats) ministerially and ensures that local development standards cannot be used to deny density bonuses required by law. (Chapter 1062, Statutes of 2002)

***AB 2776 (Simitian)** substantially increases the notice required to be given to prospective homeowners when the homes they intend to purchase are located near an airport. Specified disclosures regarding airport proximity would be required in applications for new housing developments, declarations for new common interest developments, and in conjunction with the transfer disclosure statement on existing homes. (Chapter 496, Statutes of 2002)

***AB 2867 (Kehoe)** authorizes the Redevelopment Agency of the City of San Diego, the Housing Authority of the City of San Diego, the San Diego Housing Commission, the San Diego Unified School District, and the City of San Diego to enter into a joint powers agreement to create a joint powers agency known as the San Diego Model School Development Agency, to develop one or more schools sites that include housing parks, recreational and other facilities. (Chapter 961, Statutes of 2002)

***AB 2922 (Dutra)** prohibits a local government from lowering densities unless densities on other parcels are upzoned to maintain an adequate supply of sites to meet the community's housing needs. (Chapter 706, Statutes of 2002)

FISCALIZATION OF LAND USE

***SB 1509 (Dunn)** reimburses local governments for lost property tax revenues when affordable housing developments are granted an exemption from paying property taxes. (Vetoed)

***AB 680 (Steinberg)** allocates the growth in sales taxes in the six-county Sacramento region based on three equal factors: 1) where the sale occurs; 2) population; and 3) regional need. A

community qualifies for the regional need allocation if it demonstrates both a commitment to open space and infill development projects and that it is doing its fair share in dealing with the region's housing and social service needs. (Failed passage in Senate Local Government Committee)

***AB 2878 (Wiggins)** shifts vehicle license fee revenues, property taxes and sales taxes among the state, counties, and local governments to remove fiscal disincentives to housing. All shifts are revenue neutral, but cities end up receiving a much larger percentage for their revenues from property taxes which would benefit housing and deemphasize new retail development. (Failed passage in the Assembly Revenue and Taxation Committee)

CONSTRUCTION DEFECTS

***SB 800 (Burton)** establishes functionality standards for new homes and provides builders with a right to repair. Consumers who are unsatisfied with the builder's repair, may go to court. (Chapter 722, Statutes of 2002)

FAIR HOUSING

AB 1354 (Rod Pacheco) clarifies that a provider of emergency shelter or transitional housing, for purposes of the Emergency Housing Assistance Program, may restrict occupancy to individuals 24 years old and younger. (Chapter 46, Statutes of 2002)

***AB 1926 (Horton)** allows anyone holding an interest in property containing an unlawfully discriminatory restrictive covenant to strike the covenant upon application to the county recorders office. (Chapter 803, Statutes of 2002)

***AB 2298 (Bogh)** repeals the special facilities requirements for senior housing under the Unruh Act and adopts the federal act's standard for senior housing in California. This bill also repeals the exemption for mobilehomes defined as "dwellings," bringing mobilehome parks under the Unruh Act for purposes of senior housing. (Died in Assembly Housing and Community Development Committee)

AB 2972 (Aroner) creates an exception to the prohibition against age discrimination by allowing age restrictions for 18-to-24-year-old homeless housing. (Chapter 1074, Statutes of 2002)

BUILDING STANDARDS

SB 332 (Sher) makes numerous changes to the statutory guidelines for the construction of straw bale structures that generally replace various prescribed methods with performance standards that allow a variety of methods to be used. (Chapter 31, Statutes of 2002)

SB 1992 (Perata) requires HCD to consider in the next annual code adoption cycle whether to propose building standards requiring that gas shutoff valves be installed in all new residential structures. If HCD proposes such standards, the bill requires the Building Standards Commission to act on the proposal in the same cycle. (Chapter 1051, Statutes of 2002)

AB 2455 (Negrete McLeod) requires that all new and remodeled pools and spas be equipped with at least two specified safety features and expands the list of allowable features. (Died in Senate Appropriations Committee)

AB 2545 (Nation) requires a city or county, at least 10 days prior to a proactive housing code inspection of a residential rental property, to provide written notice of the inspection to the occupants and the owner. (Died in Senate Housing and Community Development Committee)

AB 2787 (Aroner) requires HCD to develop guidelines and model ordinances for new construction and home modifications consistent with principles of universal design. The guidelines or model ordinance shall not significantly impact housing cost or affordability. (Chapter 726, Statutes of 2002)

COMMON INTEREST DEVELOPMENTS

SB 1564 (Polanco) allows Leisure World to charge a transfer fee to new homebuyers to finance the operation and maintenance of the common interest developments. (Failed passage in the Assembly Housing and Community Development Committee)

SB 1571 (Ackerman) permits a condominium plan to be amended or revoked by a 2/3 vote of the membership. (Died in the Senate Housing and Community Development Committee)

***SB 2032 (Monteith)** prohibits any CID homeowners association from limiting or prohibiting the display of an American flag, except as required for the protection of public health or safety. (Chapter 178, Statutes of 2002)

***SCR 13 (Morrow)** and ***ACR 123 (Wayne)** authorize the California Law Revision Commission to study whether CID law should be revised to determine to what extent CIDs should be subject to regulation and to establish a clear, consistent, and unified policy with regard to formation and management of CIDs and transaction of real property interests located in them. (Resolution Chapters 78 and 166, Statutes of 2002)

***AB 555 (Dutra)** requires that, in order to be called a "certified common interest development manager," an individual must meet specified educational requirements and other qualifications. (Chapter 1116, Statutes of 2002)

AB 643 (Lowenthal) requires every CID homeowners association to register and submit specified information to the Secretary of State. (Chapter 1117, Statutes of 2002)

***AB 2289 (Kehoe)** requires a homeowners association to wait 30 days before recording a lien for nonpayment of assessments or fines and requires an association to meet and discuss payment plans with the homeowner if so requested. The bill also prohibits an association from denying an owner or occupant physical access to their unit unless permitted under law, order of a court, or a final binding arbitration agreement. (Chapter 1111, Statutes of 2002)

***AB 2417 (La Suer)** requires the board of directors of a homeowner association that meets in executive session to note in the minutes of the next meeting open to the membership that a contract has been executed. (Chapter 195, Statutes of 2002)

***AB 2546 (Nation)** prohibits CID homeowners associations from adopting any rule or regulation that arbitrarily or unreasonably restricts an owner's ability to market his or her interest in the CID. (Chapter 817, Statutes of 2002)

MOBILE AND MANUFACTURED HOMES

***SB 1410 (Chesbro)** allows subletting for up to 12 months in cases of the homeowner's absence due to medical convalescence upon a doctor's authorization. The bill authorizes management to adopt reasonable subletting rules, including a rule fixing the minimum term of rental or subleasing at 6 months and provides that the management may not reject a sublessee for residency unless he/she does not have the financial ability to pay the rent or charges or, based on prior tenancies, will not comply with the park rules. The bill provides that its provisions do not affect rental agreements entered into before January 1, 2003 that prohibit subletting. (Chapter 672, Statutes of 2002)

***SB 1556 (Dunn)** authorizes cities and counties to enter into agreements with mobilehome parks to have local police enforce traffic laws, using a presumptive 15 mph speed limit established by this bill. If parks wish to use another speed limit, a traffic survey would have to be conducted to support it. (Chapter 284, Statutes of 2002)

SB 1663 (Soto) permits the City of Pomona to enter into an agreement with HCD to enforce the Mobilehome Parks Act in one or more specified parks, rather than all parks, within Pomona for 5 years. (Vetoed)

SB 1778 (Dunn) authorizes HCD to levy fines for 35, not just 8, dealer violations and expands escrow requirements to include dealer sales of mobilehomes on foundations. (Chapter 713, Statutes of 2002)

SB 1795 (Costa) requires all 'permit to operate' applications to include the social security number of the park owner and the taxpayer identification number of the business to enable the state to effectively enforce payment of annual fees from those parks that are delinquent in paying the state. (Died in the Senate Housing and Community Development Committee)

SB 1935 (Costa) renames commercial coaches, trailer coaches and special purpose trailer coaches as "commercial modulars." (Chapter 98, Statutes of 2002.)

***SB 2092 (Senate Rev & Tax Committee)** makes various, mostly minor, changes in property tax laws, including three relating to mobilehomes: 1) changes the term “mobilehome” in Revenue & Taxation Code sections relating to property taxation to “manufactured home;” 2) clarifies that senior or disabled homeowners of non-profit or membership resident-owned mobilehome parks may take their Proposition 13 adjusted base year tax value from one home to another; and 3) makes various technical changes in the exclusion of mobilehome accessories with a value of \$50 or less from the collection of property taxes. (Chapter 775, Statutes of 2002)

AB 930 (Keeley) requires the subdivider of a park to obtain a survey of support from residents of each occupied space in the park for the proposed conversion, pursuant to a written ballot, the results of which shall be submitted to the local agency with the filing of the tentative or parcel map to be considered as part of the map hearing process. (Chapter 1143, Statutes of 2002)

***AB 2079 (Jackson)** prohibits a park from requiring a prospective homeowner to sign a long-term lease as a condition of tenancy and provides that prospective homeowners shall be offered a rental agreement for a term of 12 months or less if they request it. The bill also permits a park to offer a long-term promotional lease agreement that includes lower rents during the first 12 months of the lease. (Failed passage on the Assembly Floor)

***AB 2190 (J. Campbell)** requires the State Parks Department to extend the lease for any willing mobilehome owner located in El Morro Mobilehome Park by 5 years. (Died in Assembly Water, Parks & Wildlife Committee)

***AB 2382 (Corbett)** permits a county counsel, city attorney or the state Attorney General to pursue civil nuisance violations of the Mobilehome Parks Act and the Mobilehome Residency Law. (Chapter 141, Statutes of 2002.)

AB 2495 (Correa) deletes the four dwelling units per structure limit on manufactured homes but still requires the installation of these units in parks to comply with local density requirements. (Chapter 1065, Statutes of 2002)

***AB 2500 (Corbett)** clarifies that a prevailing homeowner in an action under the Mobilehome Residency Law who collects punitive damages cannot also collect the \$2,000 award for willful damages. The bill also provides that venue for any MRL cause of action shall be the county where the mobilehome park is located, regardless of whether it is related to other causes of action that could be filed in other counties. (Vetoed)

***AB 2812 (Pescetti)** establishes a procedure for the park to collect a debt where there is no heir, joint tenant or personal representative of the deceased homeowner, or the heirs do not satisfy the homeowner’s responsibilities at the time of death. The bill provides that after a 60-day notice, posted on the home and mailed to the registered owners and lienholders, the park may acquire a warehouseman’s lien for unpaid rents and charges and conduct a sale of the home to satisfy the lien. (Died in Senate Judiciary Committee)

***AB 2866 (Keeley)** provides that a resident organization, which has complied with specified notice and other provisions and where low-income persons occupy 30% of the spaces or the park is proposed to be converted to another use, shall have a 30-day right of first refusal to buy the park on the same terms as offered by the park owner to another party. (Failed passage on the Assembly Floor)

LANDLORD-TENANT LAW

***SB 1403 (Kuehl)** requires that landlords, until January 1, 2006, give a tenant 60 days notice to terminate a tenancy without cause. The bill also requires landlords to give tenants reasonable written notice of intent to enter the premises except in emergencies or when a tenant has abandoned the premises; extends for five years restrictions on rerenting units that have been removed from the market under the Ellis Act; and permits a court to relieve a tenant from forfeiture of the tenant's rental agreement in an unlawful detainer action in cases of hardship. (Chapter 301, Statutes of 2002)

***AB 2330 (Migden)** requires a landlord, at the request of a tenant, to conduct an initial inspection of the unit prior to move-out. The bill also changes the amount of statutory damages for certain violations from \$600 to twice the amount of the security. (Chapter 1061, Statutes of 2002)

REDEVELOPMENT

***SB 701 (Torlakson)** corrects and clarifies numerous provisions from SB 211 and AB 637 of 2001. (Chapter 782, Statutes of 2002)

***SB 1460 (Ortiz)** expands the jurisdiction of the Capitol Area Development Authority to include the "R" Street Corridor and applies general redevelopment housing requirements to the authority. (Chapter 468, Statutes of 2002)

COMMUNITY DEVELOPMENT

SB 1300 (Haynes) creates the California New Markets Venture Capital Program within the Technology, Trade and Commerce Agency to guarantee certain venture capital investments that promote economic development in low- or moderate-income areas. The bill also establishes the California Neighborhood Initiative to provide technical assistance to 25 "California renewal communities" for the purpose of accessing private, state and federal resources. (Died in Senate Appropriations Committee)

***SB 2010 (Alpert)** authorizes the Tax Credit Allocation Committee to become the state's Commercial Revitalization Agency to administer the Federal Community Renewal Tax Relief Act of 2000. (Chapter 1086, Statutes of 2002)

***AB 410 (Salinas)** requires the California Rural Policy Task Force within OPR to develop a strategic plan for improving program and service delivery to rural areas. (Chapter 558, Statutes of 2002)

AB 1846 (Correa) allows all enterprise zones, not just those designated before 1990, to apply for a five year extension. (Failed passage in the Senate Revenue and Taxation Committee)