

AMENDED IN SENATE AUGUST 12, 2002
AMENDED IN SENATE JUNE 29, 2002
AMENDED IN SENATE JUNE 17, 2002
AMENDED IN SENATE MAY 9, 2002
AMENDED IN ASSEMBLY MAY 31, 2001
AMENDED IN ASSEMBLY MAY 17, 2001
AMENDED IN ASSEMBLY APRIL 30, 2001

CALIFORNIA LEGISLATURE—2001–02 REGULAR SESSION

ASSEMBLY BILL

No. 748

**Introduced by Assembly Member Chavez
(Coauthors: Assembly Members Cedillo, Diaz, Keeley, Richman,
Steinberg, Strom-Martin, Washington, and Wayne)**

February 22, 2001

An act to add Chapter 8 (commencing with Section 1007) to Division 4 of the Military and Veterans Code, relating to veterans, ~~and making an appropriation therefor.~~

LEGISLATIVE COUNSEL'S DIGEST

AB 748, as amended, Chavez. Housing: homeless veterans.

Under existing law, the Department of Veterans Affairs has responsibility for various state programs to assist veterans. Existing law provides for farm and home purchase benefits for qualifying veterans.

This bill would ~~appropriate \$500,000 from unencumbered funds in the Veterans' Farm and Home Building Fund of 1943 to the Office of~~

~~the Inspector General to hire an independent financial and banking consulting firm~~ create the Cal-Vet Financial Assessment Task Force to conduct ~~a detailed audit and~~ an analysis of the effectiveness and efficiency of the veterans' farm and home purchase program *and whether the program should be continued, modified or terminated.* The bill would require the ~~Inspector General~~ task force to report to the Governor and the Legislature on, among other things, the *fiscal* status of the ~~fund and~~ program, and recommendations on how moneys in the ~~fund~~ program might be used to provide housing for homeless veterans and meet the needs of other veteran populations.

Vote: majority. Appropriation: ~~yes~~ no. Fiscal committee: yes. State-mandated local program: no.

The people of the State of California do enact as follows:

1 SECTION 1. Chapter 8 (commencing with Section 1007) is
 2 added to Division 4 of the Military and Veterans Code, to read:

3
 4 CHAPTER 8. VETERANS' FARM AND HOME BUILDING FUND OF
 5 ~~1943 EFFECTIVENESS AND EFFICIENCY STUDY: HOMELESS~~
 6 ~~VETERANS' HOUSING AND OTHER VETERANS' ASSISTANCE 1943:~~
 7 CAL-VET FINANCIAL ASSESSMENT TASK FORCE: HOMELESS
 8 VETERANS' HOUSING ASSISTANCE
 9

10 1007. The Legislature finds and declares all of the following:

11 (a) There are an estimated 55,000 homeless veterans in
 12 California, but only 2,000 transitional beds are estimated to be
 13 available that are dedicated to housing veterans.

14 (b) The population of veterans who may be served by the
 15 existing Cal-Vet farm and home purchase program has diminished
 16 significantly in number. In addition, costs to implement the
 17 program have risen significantly.

18 ~~(c) The need exists to reevaluate the effectiveness and~~

19 (c) *The need exists to reevaluate the effectiveness and efficiency*
 20 *of the existing veterans' farm and home purchase program, and to*
 21 *develop a statewide strategy to determine whether the program*
 22 *may be modified to include the needs of homeless veterans and the*
 23 *aging veteran population.*



1 (d) A thorough analysis of the effectiveness and efficiency of the
2 existing farm and home purchase program should be performed by
3 an independent entity.

4 (e) The Department of Veterans Affairs maintains funds within
5 their existing budget that could be allocated to conduct a thorough
6 analysis of the effectiveness and efficiency of the existing veterans'
7 farm and home purchase program, and to develop new approaches
8 to meeting the needs for long-term and transitional housing for
9 homeless veterans and the aging veteran population.

10 (f) It is the intent of the Legislature to address the unique needs
11 for the housing of homeless veterans in California by developing
12 a statewide strategy to provide long-term and transitional housing
13 for the homeless and aging veteran population.

14 (g) It is the intent of the Legislature that all obligations of the
15 state to bondholders are met, that no recommendations negatively
16 impact the program's bond ratings, and that the farm and home
17 purchase program retain adequate reserves to meet the existing
18 and future requirements of the Cal-Vet program.

19 1007.1. For purposes of this chapter, the following definitions
20 apply:

21 (a) "Department" means the Department of Veterans Affairs.

22 (b) "Veteran" has the same meaning as specified in Section
23 980.

24 1007.2. (a) Funding to conduct a detailed analysis of the
25 effectiveness and efficiency of the veterans' farm and home
26 purchase program shall be derived from existing resources of the
27 department.

28 (b) There shall be a Cal-Vet Financial Assessment Task Force
29 appointed to conduct a thorough analysis of the fiscal status of the
30 Cal-Vet program and prepare a report addressing the issues
31 specified in Section 1007.3. The task force shall serve from
32 January 1, 2003, to March 31, 2004, inclusive. The task force shall
33 be comprised of five members. Three members of the task force
34 shall be appointed by the Governor, one of whom shall be a
35 representative of the office of the Inspector General for Veterans
36 Affairs (OIGVA). The OIGVA representative shall serve as chair
37 of the task force. One member shall be appointed by the President
38 pro Tempore of the Senate, and one member shall be appointed by
39 the Speaker of the Assembly. An independent financial and
40 banking consultant may be hired under contract by the department



1 and paid for from the existing resources of the department to assist
2 the task force in the completion of its study.

3 (c) The task force shall meet on a frequency recommended by
4 the chair of the task force with the concurrence of the department.
5 The members of the task force shall be entitled to payment of per
6 diem and reimbursement of actual expenses, in accordance with
7 the rate of per diem payment and reimbursement of costs effective
8 at the time of their service. Funds to support the task force shall be
9 derived from the existing resources of the department.

10 1007.3. On or before March 31, 2004, the task force shall
11 oversee the completion of a study, with possible assistance from a
12 third-party consulting firm with expertise in banking and finance,
13 with information and recommendations to the Governor and the
14 Legislature for continuation, modification, or termination of the
15 Cal-Vet farm and home purchase program. The report shall
16 include, but not be limited to, analysis of the following issues:

17 (a) Internal fiscal oversight of the Cal-Vet program by the
18 department.

19 (b) The administrative cost per loan of the Cal-Vet program in
20 comparison with the cost of other public and private loan
21 programs providing loans for single-family home purchases.

22 (c) The current status of the Cal-Vet program loan portfolio and
23 projections for future increase or decrease in Cal-Vet program
24 loans and projected revenues not required to support program
25 needs in the future that could be available for use to meet future
26 veterans' needs.

27 (d) Recommendations on how existing funds derived from the
28 Cal-Vet program might be utilized to implement programs that
29 provide transitional and permanent housing to homeless veterans
30 and assist in meeting the needs of the other veteran populations,
31 including services to treat Alzheimer's and dementia, mental
32 illness, drug and alcohol programs, or other veterans' needs.

33 (e) The adequacy of the cost structure and reserves for meeting
34 financial obligations for insurance needs for Cal-Vet program
35 loans.

36 (f) Recommendations to ensure that all obligations of the state
37 to bondholders are met, that the program's bond ratings not be
38 negatively impacted, and that the Cal-Vet program retains
39 adequate reserves to meet the existing and future requirements of
40 the program. ~~efficiency of the existing veterans' farm and home~~



1 ~~purchase program, and to develop a statewide strategy to redirect~~
2 ~~the efforts of the existing program to include the needs of homeless~~
3 ~~veterans and the aging veteran population.~~

4 ~~(d) The Department of Veterans Affairs lacks the staff expertise~~
5 ~~to conduct a thorough analysis of the effectiveness and efficiency~~
6 ~~of the existing farm and home purchase program.~~

7 ~~(e) The Department of Veterans Affairs maintains funds within~~
8 ~~their budget that could be allocated to conduct a thorough analysis~~
9 ~~of the effectiveness and efficiency of the existing veterans' farm~~
10 ~~and home purchase program, and to develop new approaches to~~
11 ~~meeting the needs for long-term and transitional housing for~~
12 ~~homeless veterans and the aging veteran population.~~

13 ~~(f) It is the intent of the Legislature to address the unique needs~~
14 ~~for the housing of homeless veterans in California by developing~~
15 ~~a statewide strategy to provide long-term and transitional housing~~
16 ~~for the homeless and aging veteran population.~~

17 ~~(g) It is the intent of the Legislature that all obligations of the~~
18 ~~state to bondholders are met, and that the farm and home purchase~~
19 ~~program retain adequate reserves to meet the requirements of the~~
20 ~~program.~~

21 ~~1007.1.—For purposes of this chapter, the following definitions~~
22 ~~apply:~~

23 ~~(a) “Department” means the Department of Veterans Affairs.~~

24 ~~(b) “Veteran” has the same meaning as specified in Section~~
25 ~~980.~~

26 ~~1007.2.—(a) Funding to conduct a detailed analysis of the~~
27 ~~effectiveness and efficiency of the veterans' farm and home~~
28 ~~purchase program shall be derived from unencumbered funds~~
29 ~~generated from the Veteran's Farm and Home Building Fund of~~
30 ~~1943.~~

31 ~~(b) The amount of five hundred thousand dollars (\$500,000) is~~
32 ~~hereby appropriated from unencumbered funds in the Veterans'~~
33 ~~Farm and Home Building Fund of 1943 to the Office of the~~
34 ~~Inspector General for Veterans Affairs (OIGVA) to be used to hire~~
35 ~~an independent financial and banking consulting firm to conduct~~
36 ~~a detailed audit and analysis of the effectiveness and efficiency of~~
37 ~~the veterans' farm and home purchase program as specified in~~
38 ~~Section 1007.3. The independent financial and banking consulting~~
39 ~~firm is to be selected through a competitive bid process conducted~~



1 by ~~OIGVA~~ with assistance and input from the Legislative
2 Analyst's office.
3 1007.3. On or before March 31, 2004, the Inspector General
4 shall cause a study to be completed by a third party consulting firm
5 with expertise in banking and finance, with recommendations to
6 the Legislature for the continuation, modification, or termination
7 of the veterans' farm and home purchase program. The report shall
8 include, but is not limited to, analysis of the following issues:
9 (a) ~~Internal oversight of the Veterans' Farm and Home~~
10 ~~Building Fund of 1943 by the department.~~
11 (b) ~~The administrative cost per loan of the veterans' farm and~~
12 ~~home purchase program in comparison with the cost of other~~
13 ~~public and private loan programs providing loans for~~
14 ~~single family home purchases.~~
15 (c) ~~The current status of the Veterans' Farm and Home~~
16 ~~Building Fund of 1943 loan portfolio and projections for future~~
17 ~~increase or decrease in loans.~~
18 (d) ~~Recommendations for fiscal mechanisms to direct funds~~
19 ~~from the Veterans' Farm and Home Building Fund of 1943 to~~
20 ~~programs that could benefit veterans.~~
21 (e) ~~The adequacy of the cost structure and reserves for meeting~~
22 ~~financial obligations for life and liability insurance needs for~~
23 ~~veterans' farm and home loans.~~
24 (f) ~~Recommendations on how existing funds derived from the~~
25 ~~Veterans' Farm and Home Building Fund of 1943 might be utilized~~
26 ~~to implement programs that provide transitional and permanent~~
27 ~~housing to homeless veterans, and to assist in meeting the needs~~
28 ~~of other veteran populations, including services to treat~~
29 ~~Alzheimer's and dementia, mental illness, drug and alcohol~~
30 ~~problems, or other veterans needs.~~
31 (g) ~~Recommendations to ensure that all obligations of the state~~
32 ~~to bondholders are met, and that the Veterans' Farm and Home~~
33 ~~Building Fund of 1943 retains adequate reserves to meet the~~
34 ~~requirements of the program.~~

