

AMENDED IN ASSEMBLY MARCH 29, 2007

CALIFORNIA LEGISLATURE—2007—08 REGULAR SESSION

**ASSEMBLY BILL**

**No. 761**

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**Introduced by Assembly Member Coto**

February 22, 2007

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~~An act to amend Section 50517.9 of the Health and Safety Code, relating to housing, and making an appropriation therefor. An act to add Section 14838.1 to the Government Code, relating to state contracts.~~

LEGISLATIVE COUNSEL'S DIGEST

AB 761, as amended, Coto. ~~Farmworker housing: disaster assistance.~~  
*State contracts: infrastructure bonds: small businesses.*

*Existing law provides for various programs to encourage the participation of small businesses, as certified by the Department of General Services, in state agency contracts, and sets forth the duties of the Director of General Services and the directors of other state agencies in this regard.*

*This bill, in order to encourage the participation of small and underrepresented businesses in the construction of the state's infrastructure, as provided in specified infrastructure-related bond acts of 2006, would additionally require the Director of General Services to establish goals for participation of small and underrepresented businesses in the construction of the state's infrastructure, as provided in those bond acts, to develop a process for awarding those contracts that are financed with the proceeds of the bond acts, to give special consideration and provide assistance to small and underrepresented businesses, as provided, and to consider establishing preferences for small and underrepresented businesses in awarding those specified contracts.*

~~Existing law requires the Department of Housing and Community Development to administer the Joe Serna, Jr. Farmworker Housing Grant Program, establishes the Joe Serna, Jr. Farmworker Housing Grant Fund, and continuously appropriates this fund to the department to make grants for specified purposes, including, under special conditions, in counties in which a disaster has been declared by the Governor for a specified period of time for farmworker housing and to defray the department's costs in administering the program.~~

~~Existing law authorizes the department to award funds from the continuously appropriated grant fund in the form of loans to local public entities, nonprofit corporations, and private property owners, for the purposes of providing disaster assistance to migrant farmworkers for housing in counties in which a disaster has been declared by the Governor pursuant to specified provisions of existing law authorizing a proclamation of a state of emergency, and for a period of 12 months after the declaration, subject to certain, listed terms and conditions.~~

~~This bill, instead, would authorize the department to award the specified funds for migrant farmworker housing in the form of loans for the specified purposes in counties in which a disaster has occurred, and for a period of 12 months after the occurrence. By authorizing the allocation of the funds in the continuously appropriated grant fund for this new purpose, the bill would make an appropriation.~~

~~Vote:  $\frac{2}{3}$ 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. Section 14838.1 is added to the Government Code,
- 2     to read:
- 3     14838.1. (a) In order to encourage the participation of small
- 4     and underrepresented businesses in the construction, including
- 5     alteration, demolition, repair, or improvement, of the state's
- 6     infrastructure, as provided in the infrastructure-related bond acts
- 7     of 2006, the Director of General Services shall do all of the
- 8     following:
- 9         (1) Establish goals for the extent of participation of small and
- 10     underrepresented businesses in the construction, improvement,
- 11     rebuilding, or repairing of the state's infrastructure, as provided
- 12     in the infrastructure-related bond acts of 2006.

- 1     (2) *Develop a process for awarding contracts that are financed*  
2 *with the proceeds of the infrastructure-related bond acts of 2006,*  
3 *which affords California small or underrepresented businesses*  
4 *every opportunity to bid on, and be awarded, those contracts.*
- 5     (3) *Give special consideration to small and underrepresented*  
6 *businesses by extending the deadline for the submission of bid*  
7 *proposals for contracts that are financed with the proceeds of the*  
8 *infrastructure-related bond acts of 2006 and, as appropriate,*  
9 *modifying the requirement for necessary experience.*
- 10    (4) *Provide special assistance to all potential bidders,*  
11 *particularly those bidders that are small or underrepresented*  
12 *businesses, in complying with the procedures for bidding on*  
13 *contracts that are financed with the proceeds of the*  
14 *infrastructure-related bond acts of 2006.*
- 15    (5) *Consider establishing preferences for small and*  
16 *underrepresented businesses in the award of contracts that are*  
17 *financed with the proceeds of the infrastructure-related bond acts*  
18 *of 2006.*
- 19    (b) *For purposes of this section, all of the following measures*  
20 *are deemed to be the infrastructure-related bond acts of 2006:*
- 21     (1) *The Highway Safety, Traffic Reduction, Air Quality, and*  
22 *Port Security Bond Act of 2006 (Chapter 12.49 (commencing with*  
23 *Section 8879.20) of Division 1 of the Government Code).*
- 24     (2) *The Housing and Emergency Shelter Trust Fund Act of 2006*  
25 *(Part 12 (commencing with Section 53540) of Division 31 of the*  
26 *Health and Safety Code).*
- 27     (3) *The Kindergarten-University Public Education Facilities*  
28 *Bond Act of 2006 (Part 69 (commencing with Section 101000) of*  
29 *the Education Code).*
- 30     (4) *The Disaster Preparedness and Flood Prevention Bond Act*  
31 *of 2006 (Chapter 1.699 (commencing with Section 5096.800) of*  
32 *Division 5 of the Public Resources Code).*
- 33     (5) *The Safe Drinking Water, Water Quality and Supply, Flood*  
34 *Control, River and Coastal Protection Bond Act of 2006 (Division*  
35 *43 (commencing with Section 75001) of the Public Resources*  
36 *Code).*
- 37    (c) *This section does not require the expenditure of the proceeds*  
38 *of the sale of the bonds described in this section, except as*  
39 *permitted by the measure authorizing the issuance of the bond.*

1 SECTION 1. ~~Section 50517.9 of the Health and Safety Code~~  
2 ~~is amended to read:~~

3 ~~50517.9. (a) In enacting this section, it is the intent of the~~  
4 ~~Legislature to provide disaster assistance for farmworkers displaced~~  
5 ~~by natural disasters, including, but not limited to, floods and~~  
6 ~~freezing temperatures, in the most expeditious and fiscally sound~~  
7 ~~manner possible. It is the intent of the Legislature that the~~  
8 ~~Department of Housing and Community Development administer~~  
9 ~~this section in accordance with those goals.~~

10 ~~(b) In counties in which a disaster has occurred, and for a period~~  
11 ~~of 12 months after the occurrence, the department may award funds~~  
12 ~~from the Farmworker Housing Grant Fund established under~~  
13 ~~subdivision (b) of Section 50517.5, for the purposes of this section,~~  
14 ~~subject to the following terms and conditions:~~

15 ~~(1) Loans may be made to local public entities, nonprofit~~  
16 ~~corporations, and private property owners to repair, rehabilitate,~~  
17 ~~or replace housing previously used exclusively by migrant~~  
18 ~~farmworker households or unaccompanied migrant farmworker~~  
19 ~~adults, which will be used in the future for those purposes. Loan~~  
20 ~~funds may be used to acquire or lease “manufactured structures,”~~  
21 ~~which, for the purposes of this section, means structures subject~~  
22 ~~to Part 2 (commencing with Section 18000) of Division 13. Private~~  
23 ~~property owners shall be eligible for loans only to the extent that~~  
24 ~~other federal and state resources, private insurance proceeds, or~~  
25 ~~private institutional lending sources are not available in a timely~~  
26 ~~manner or do not provide the coverage needed to rehabilitate or~~  
27 ~~reconstruct the housing without increasing the rent above that~~  
28 ~~charged for the units prior to the disaster.~~

29 ~~(2) The department may enter into contracts directly with~~  
30 ~~nonprofit corporations, local public entities, or private property~~  
31 ~~owners to carry out the activities authorized by this section.~~

32 ~~(3) Loans made under this section shall be secured by, and~~  
33 ~~subject to, security instruments approved by the department,~~  
34 ~~including, but not limited to, real property leases or liens,~~  
35 ~~regulatory agreements, and liens on manufactured structures. The~~  
36 ~~department shall establish loan terms and conditions with~~  
37 ~~consideration to the financial feasibility and prudent operation of~~  
38 ~~the housing units financed. In no event shall the loans require~~  
39 ~~interest at a rate higher than 3-percent simple interest or have a~~  
40 ~~term longer than the useful life of the housing units. Repayments~~

1 may be deferred for the first five years of the loan term, if the  
2 department determines that it is necessary for fiscal integrity or to  
3 prevent foreclosure.

4 (4) In making any loan, the department shall require that the  
5 borrower meet all of the following conditions:

6 (A) The borrower shall be capable of providing occupancy in  
7 decent, safe, and sanitary housing that meets all of the requirements  
8 of law within six months after the award of funds.

9 (B) The borrower shall demonstrate the financial feasibility of  
10 the project.

11 (C) Prior to disbursement of funds, the borrower shall identify  
12 the property on which the housing will be repaired, rehabilitated,  
13 or replaced, and provide information satisfactory to the department  
14 related to the costs and sources of funding necessary to complete  
15 the repairs, rehabilitation, or replacement. All costs shall be  
16 reasonable, considering the necessity of expeditious rehabilitation  
17 or replacement.

18 (5) Priority for use of the funds shall be given to borrowers who  
19 will provide housing at the earliest date.

20 (6) All units assisted under this section shall remain affordable  
21 to low- and very low income households for the life of the project.  
22 Farmworkers who previously occupied the damaged or destroyed  
23 housing shall have first priority to occupy any unit assisted under  
24 this section.

25 (7) If units assisted under this section are built or rehabilitated  
26 in the same natural disaster zone as the units damaged or destroyed  
27 by the disaster, the borrower shall maintain disaster insurance on  
28 the units for the useful life of the units. For purposes of this section,  
29 “disaster insurance” means fire, earthquake, flood, or other  
30 insurance against the natural disaster that damaged or destroyed  
31 the housing units.

32 (8) To the extent that any housing unit that was damaged or  
33 destroyed is reconstructed under this section with substantially the  
34 same number of units, it shall be deemed to be “existing housing”  
35 for the purposes of subdivision (d) of Section 37001.5.

36 (9) The department may waive any requirements of Section  
37 50517.5 and any regulations promulgated thereunder that are  
38 inconsistent with prompt and effective implementation of the  
39 program described in this section. In addition, any rule, policy, or  
40 standard of general application employed by the department in

1 implementing the provision of this section shall not be subject to  
2 the requirements of Chapter 3.5 (commencing with Section 11340)  
3 of Part 12 of Division 3 of Title 2 of the Government Code. Awards  
4 of funds made pursuant to this section shall not be subjected to  
5 review or approval by the Local Assistance Loan and Grant  
6 Committee of the department operating pursuant to Subchapter 1  
7 (commencing with Section 6900) of Chapter 6.5 of Title 25 of the  
8 California Code of Regulations.

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