

ASSEMBLY BILL

No. 639

Introduced by Assembly Member John A. Pérez
(Principal coauthors: Assembly Members Atkins and Muratsuchi)

February 20, 2013

An act to amend Section 51005 of the Health and Safety Code, and to amend Section 998.403 of, and to add Article 5y (commencing with Section 998.540) to Chapter 6 of Division 4 of, the Military and Veterans Code, relating to the financing of a program to provide housing to veterans through the issuance and sale of bonds of the State of California and by providing for the handling and disposition of those funds, and declaring the urgency thereof, to take effect immediately.

LEGISLATIVE COUNSEL'S DIGEST

AB 639, as introduced, John A. Pérez. Veterans Housing and Homeless Prevention Act of 2014.

Existing law, the Veterans' Bond Act of 2008, as approved by the voters, authorizes the issuance of bonds in the amount of \$900,000,000, pursuant to the State General Obligation Bond Law, for purposes of financing the Cal-Vet program for farm, home, and mobilehome purchase assistance for veterans.

This bill would amend the Veterans' Bond Act of 2008 to reduce the amount of bonds that are authorized to be issued under the act from \$900,000,000 to \$300,000,000. The bill would instead authorize the issuance of bonds in the amount of \$600,000,000, as specified, for expenditure by the Department of Housing and Community Development for purposes of the construction, rehabilitation, and preservation of multifamily housing for veterans, in collaboration with the Department of Veterans Affairs. The bill would authorize the

Legislature to amend the provisions of this act, by majority vote, under specified criteria. The bill would impose a specified reporting requirement on the California Housing Finance Agency.

The bill would provide for submission of its provisions to the voters at the November 4, 2014, general election, as specified.

This bill would declare that it is to take effect immediately as an urgency statute.

Vote: $\frac{2}{3}$. Appropriation: no. Fiscal committee: yes.

State-mandated local program: no.

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

1 SECTION 1. Section 51005 of the Health and Safety Code is
2 amended to read:

3 51005. (a) The agency shall, by November 1 of each year,
4 submit an annual report of its activities under this division for the
5 preceding year to the Governor, the Secretary of the Business and
6 Transportation Agency, the Director of Housing and Community
7 Development, the Treasurer, the Joint Legislative Budget
8 Committee, the Legislative Analyst, and the Legislature. The report
9 shall set forth a complete operating and financial statement of the
10 agency during the concluded fiscal year. The report shall specify
11 the number of units assisted, the distribution of units among the
12 metropolitan, nonmetropolitan, and rural areas of the state, and
13 shall contain a summary of statistical data relative to the incomes
14 of households occupying assisted units, the monthly rentals charged
15 to occupants of rental housing developments, and the sales prices
16 of residential structures purchased during the previous fiscal year
17 by persons or families of low or moderate income. The report shall
18 also include a statement of accomplishment during the previous
19 year with respect to the agency's progress, priorities, and
20 affirmative action efforts. The agency shall specifically include in
21 its report on affirmative action goals, statistical data on the numbers
22 and percentages of minority sponsors, developers, contractors,
23 subcontractors, suppliers, architects, engineers, attorneys, mortgage
24 bankers or other lenders, insurance agents, and managing agents.

25 (b) The report shall also include specific information evaluating
26 the extent to which the programs administered by the agency have
27 attained the statutory objectives of the agency, including, but not
28 limited to, (1) the primary purpose of the agency in meeting the

1 housing needs of persons and families of low or moderate income
2 pursuant to Section 50950, (2) the occupancy requirements for
3 very low income households established pursuant to Sections
4 50951 and 51226, (3) the elderly and orthopedic disability
5 occupancy requirements established pursuant to Section 51230,
6 (4) the use of surplus moneys pursuant to Section 51007, (5) the
7 metropolitan, nonmetropolitan, and rural goals established pursuant
8 to subdivision (h) of Section 50952, (6) the California Statewide
9 Housing Plan, as required by Section 50154, (7) the statistical and
10 other information developed and maintained pursuant to Section
11 51610, (8) the number of manufactured housing units assisted by
12 the agency, (9) information with respect to the proceeds derived
13 from the issuance of bonds or securities and any interest or other
14 increment derived from the investment of bonds or securities, and
15 the uses for which those proceeds or increments are being made
16 as provided for in Section 51365, including the amount by which
17 each fund balance exceeds indenture requirements, (10) any
18 recommendations described in subdivision (d), (11) any
19 recommendations described in Section 51227, (12) the revenue
20 bonding authority plan adopted pursuant to Section 51004.5, (13)
21 the statistical and other information required to be provided
22 pursuant to Section 50156, (14) an analysis of the agency's
23 compliance with the targeting requirements of subsection (d) of
24 Section 142 of the Internal Revenue Code of 1986 (26 U.S.C. Sec.
25 142) with respect to any issue of bonds subject to those
26 requirements under Section 103 of the Internal Revenue Code of
27 1986 (26 U.S.C. Sec. 103), including the numbers of rental units
28 subject to this reporting requirement by categories based on the
29 number of bedrooms per unit, and (15) the statistical and other
30 information relating to congregate housing for the elderly pursuant
31 to Section 51218.

32 The agency may, at its option, include the information required
33 by this section in a single document or may separately report the
34 statistical portion of the information in a supplement appended to
35 its annual report. This statistical supplement shall be distributed
36 with copies of the agency's annual report, but need not be provided
37 to bond rating agencies, underwriters, investors, developers, or
38 financial institutions.

39 (c) The agency shall cause an audit of its books and accounts
40 with respect to its activities under this division to be made at least

1 once during each fiscal year by an independent certified public
2 accountant and the agency shall be subject to audit by the
3 Department of Finance not more often than once each fiscal year.

4 (d) The agency shall assess any obstacles or problems that it
5 has encountered in meeting its mandate to serve nonmetropolitan
6 and rural metropolitan areas, and recommend legislative and
7 administrative solutions to overcome these obstacles or problems.
8 The agency shall separately assess its progress in meeting the
9 rehabilitation needs of rural areas and the new construction needs
10 of rural areas, and separately assess its progress as to single and
11 multifamily units. The agency shall include in its report a
12 quantification and evaluation of its progress in meeting the housing
13 needs of communities of various sizes in rural areas.

14 (e) By December 1 of each fiscal year, the agency shall ascertain
15 that not less than 25 percent of the total units financed by mortgage
16 loans during the preceding 12 months pursuant to this part were
17 made available to very low income households. If the agency finds
18 that these very low income occupancy goals have not been met,
19 the agency shall immediately notify the Governor, the Speaker of
20 the Assembly, and the Senate Committee on Rules, and shall
21 recommend legislation or other action as may be required to make
22 (1) at least 25 percent of the units so available, and (2) at least 25
23 percent of the units thereafter financed so available. In housing
24 developments for which the agency provides a construction loan
25 but not a mortgage loan, the agency shall report annually on the
26 percentage of units projected to be made available for occupancy
27 and actually occupied by lower income households.

28 (f) *The annual report required pursuant to this section shall*
29 *also include an evaluation of any program established by the*
30 *department pursuant to Article 5y (commencing with Section*
31 *998.540) of Chapter 6 of Division 4 of the Military and Veterans*
32 *Code.*

33 SEC. 2. Section 998.403 of the Military and Veterans Code is
34 amended to read:

35 998.403. For the purpose of creating a fund to provide farm
36 and home aid for veterans in accordance with the Veterans' Farm
37 and Home Purchase Act of 1974 (Article 3.1 (commencing with
38 Section 987.50)), and of all acts amendatory thereof and
39 supplemental thereto, the committee may create a debt or debts,
40 liability or liabilities, of the State of California, in the aggregate

1 amount of not more than ~~nine~~ *three* hundred million dollars
2 (~~\$900,000,000~~) (*\$300,000,000*), exclusive of refunding bonds, in
3 the manner provided herein.

4 SEC. 3. Article 5y (commencing with Section 998.540) is
5 added to Chapter 6 of Division 4 of the Military and Veterans
6 Code, to read:

7
8 Article 5y. The Veterans Housing and Homeless Prevention
9 Act of 2014
10

11 998.540. This article shall be known and may be cited as the
12 Veterans Housing and Homeless Prevention Act of 2014.

13 998.541. (a) California is home to almost two million veterans,
14 more than any other state in the nation, and with the winding down
15 of the wars in Iraq and Afghanistan, an unprecedented number of
16 California veterans will return to our communities, many in need
17 of housing, employment, mental health and drug treatment, and
18 physical rehabilitation.

19 (b) Unfortunately, California also leads the nation in the number
20 of homeless veterans, roughly 25 percent of the nation's homeless
21 veterans live in California, approximately 19,000 veterans.
22 According to the California Research Bureau, Los Angeles is
23 number one in terms of the number of homeless veterans followed
24 by the San Diego region at number three, and the San Francisco
25 Bay Area at number nine.

26 (c) Moreover, the face of the nation's homeless veterans'
27 population is changing as more OIF/OEF veterans find themselves
28 in a downward spiral towards homelessness and, increasingly,
29 female veterans and their children comprise more and more of the
30 homeless veteran demographic.

31 (d) With their higher rates of posttraumatic stress disorder,
32 substance abuse, and unemployment, as well as the higher
33 incidence of sexual trauma experienced by our female veterans,
34 the current homeless veteran, all too often, cycles in and out of
35 our jails, hospitals, and treatment programs, disproportionately
36 drawing down services without receiving the proper services to
37 stabilize their lives.

38 (e) The Legislature must advance a comprehensive, coordinated,
39 and cost-effective approach to respond to the housing and services

1 needs of our veterans. Such an approach should leverage public
2 and private resources as well as align housing and services.

3 (f) Five years ago, Californians overwhelmingly affirmed their
4 gratitude to our veterans by approving Proposition 12, a \$900
5 million general obligation bond intended to help veterans
6 specifically purchase single family homes, farms, and mobilehomes
7 through the CalVet Home Loan Program.

8 (g) As a result of the nation's economic crisis and state's housing
9 downturn coupled with the changing demographics of our veterans,
10 the Farm and Home Loan Program, as approved by Proposition
11 12, has been significantly undersubscribed. Five years since its
12 passage, the full \$900 million remains unspent as does a portion
13 of the \$500 million from Proposition 32, which was approved by
14 the voters in 2000.

15 (h) Meanwhile, veterans in need of multifamily housing that is
16 affordable, supportive, and transitional remains unmet and public
17 and private resources available for these purposes remain
18 underutilized.

19 (i) California voters should be granted the opportunity to
20 restructure the Proposition 12 veterans' bond program to better
21 respond to the housing and services needs as well as the changing
22 demographics of the current veteran.

23 (j) The Veterans Housing and Homeless Prevention Act of 2014
24 will restructure \$600 million of the existing Proposition 12 bond
25 moneys to allow for the construction and rehabilitation of
26 multifamily housing for veterans and prioritize projects that align
27 housing with services. Even with this restructuring of bond moneys,
28 the act still preserves over half a billion dollars for the existing
29 CalVet Farm and Home Loan Program.

30 (k) The Veterans Housing and Homeless Prevention Act of 2014
31 will expand housing and service options for veterans,
32 cost-effectively leverage public dollars, reduce the number of
33 homeless veterans and its attendant public costs, and place
34 California at the forefront of our nation's efforts to end veterans
35 homelessness by 2015.

36 998.542. (a) The State General Obligation Bond Law (Chapter
37 4 (commencing with Section 16720) of Part 3 of Division 4 of
38 Title 2 of the Government Code), except as otherwise provided
39 herein, is adopted for the purpose of the issuance, sale, and
40 repayment of, and otherwise providing with respect to, the bonds

1 authorized to be issued by this article, and the provisions of that
2 law are included in this article as though set out in full in this
3 article. All references in this article to “herein” refer both to this
4 article and that law.

5 (b) For purposes of the State General Obligation Bond Law, the
6 Department of Housing and Community Development is designated
7 the board.

8 998.543. As used herein, the following terms have the following
9 meanings:

10 (a) “Board” means the Department of Housing and Community
11 Development.

12 (b) “Bond” means a veterans’ bond, a state general obligation
13 bond, issued pursuant to this article adopting the provisions of the
14 State General Obligation Bond Law.

15 (c) “Bond act” means this article authorizing the issuance of
16 state general obligation bonds and adopting the State General
17 Obligation Bond Law by reference.

18 (d) “Committee” means the Housing for Veterans Finance
19 Committee, established pursuant to Section 998.547.

20 (e) “Fund” means the Housing for Veterans Fund, established
21 pursuant to Section 998.544.

22 998.544. (a) Bonds in the total amount of six hundred million
23 dollars (\$600,000,000), or so much thereof as is necessary, not
24 including the amount of any refunding bonds, or so much thereof
25 as is necessary, may be issued and sold to provide a fund to be
26 used for carrying out the purposes expressed in subdivision (b)
27 and to reimburse the General Obligation Bond Expense Revolving
28 Fund pursuant to Section 16724.5 of the Government Code. The
29 bonds, when sold, shall be and constitute a valid and binding
30 obligation of the State of California, and the full faith and credit
31 of the State of California is hereby pledged for the punctual
32 payment of both principal of, and interest on, the bonds as the
33 principal and interest become due and payable.

34 (b) (1) The proceeds of bonds issued and sold pursuant to this
35 section shall be made available to the board for the purposes of
36 the construction, rehabilitation, and preservation of multifamily
37 housing that is affordable, supportive, and transitional. The bond
38 proceeds shall only be used for units designated for veterans and
39 their families.

(2) The program established pursuant to paragraph (1) shall be administered by the board, in collaboration with the Department of Veterans Affairs.

(3) The board shall establish a program to focus on veterans at risk for homelessness or experiencing temporary or chronic homelessness.

(4) To the extent feasible, the board shall establish and implement programs that, among other things, do the following:

(A) Leverage public (federal, state, and local), private, and nonprofit program and fiscal resources.

(B) Prioritize projects that combine housing and supportive services, such as job training, mental health and drug treatment, or physical rehabilitation.

(C) Promote public and private partnerships.

(D) Foster innovative financing opportunities.

(5) The Legislature may, from time to time, by majority vote, amend the provisions of this act for the purpose of improving program efficiency, effectiveness, and accountability, or for the purpose of furthering overall program goals.

(c) The proceeds of bonds issued and sold pursuant to this article shall be deposited in the Housing for Veterans Fund, which is hereby created.

(d) Bonds deposited in the Housing for Veterans Fund shall be subject to annual appropriation, as determined by the Legislature.

998.546. The bonds authorized by this article 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 of Division 4 of Title 2 of the Government Code), and all of the provisions of that law, except Section 16727 of the Government Code, shall apply to the bonds and to this article and are hereby incorporated in this article as though set forth in full in this article.

998.547. Solely for the purpose of authorizing the issuance and sale pursuant to the State General Obligation Bond Law of the bonds authorized by this article, the Housing for Veterans Finance Committee is hereby created. For purposes of this article, the Housing for Veterans Finance Committee is “the committee” as that term is used in the State General Obligation Bond Law. The committee consists of the Controller, Treasurer, Director of Finance, and the Director of Housing and Community

1 Development, or their designated representatives. The Treasurer
2 shall serve as chairperson of the committee. A majority of the
3 committee may act for the committee.

4 998.548. The committee shall determine whether or not it is
5 necessary or desirable to issue bonds authorized pursuant to this
6 article in order to carry out the actions specified in Section 998.544
7 and, if so, the amount of bonds to be issued and sold. Successive
8 issues of bonds may be authorized and sold to carry out those
9 actions progressively, and it is not necessary that all of the bonds
10 authorized to be issued be sold at any one time.

11 998.549. There shall be collected each year and in the same
12 manner and at the same time as other state revenue is collected,
13 in addition to the ordinary revenues of the state, a sum in an amount
14 required to pay the principal of, and interest on, the bonds each
15 year. It is the duty of all officers charged by law with any duty in
16 regard to the collection of the revenue to do and perform each and
17 every act that is necessary to collect that additional sum.

18 998.550. Notwithstanding Section 13340 of the Government
19 Code, there is hereby appropriated from the General Fund in the
20 State Treasury, for the purposes of this article, an amount that will
21 equal the total of the following:

22 (a) The sum annually necessary to pay the principal of, and
23 interest on, bonds issued and sold pursuant to this article, as the
24 principal and interest become due and payable.

25 (b) The sum necessary to carry out Section 998.551,
26 appropriated without regard to fiscal years.

27 998.551. For the purposes of carrying out this article, the
28 Director of Finance may authorize the withdrawal from the General
29 Fund of an amount not to exceed the amount of the unsold bonds
30 that have been authorized by the committee to be sold for the
31 purpose of carrying out this article. Any amounts withdrawn shall
32 be deposited in the fund. Any money made available under this
33 section shall be returned to the General Fund from proceeds
34 received from the sale of bonds for the purpose of carrying out
35 this article.

36 998.552. All money deposited in the fund that is derived from
37 premium and accrued interest on bonds sold shall be reserved in
38 the fund and shall be available for transfer to the General Fund as
39 a credit to expenditures for bond interest.

1 998.553. Pursuant to Chapter 4 (commencing with Section
2 16720) of Part 3 of Division 4 of Title 2 of the Government Code,
3 the cost of bond issuance shall be paid out of the bond proceeds.
4 These costs shall be shared proportionally by each program funded
5 through this bond act.

6 998.554. The board may request the Pooled Money Investment
7 Board to make a loan from the Pooled Money Investment Account,
8 including other authorized forms of interim financing that include,
9 but are not limited to, commercial paper, in accordance with
10 Section 16312 of the Government Code, for purposes of carrying
11 out this article. The amount of the request shall not exceed the
12 amount of the unsold bonds that the committee, by resolution, has
13 authorized to be sold for the purpose of carrying out this article.
14 The board shall execute any documents required by the Pooled
15 Money Investment Board to obtain and repay the loan. Any
16 amounts loaned shall be deposited in the fund to be allocated by
17 the board in accordance with this article.

18 998.555. The bonds may be refunded in accordance with Article
19 6 (commencing with Section 16780) of Chapter 4 of Part 3 of
20 Division 4 of Title 2 of the Government Code, which is a part of
21 the State General Obligation Bond Law. Approval by the voters
22 of the state for the issuance of the bonds described in this article
23 includes the approval of the issuance of any bonds issued to refund
24 any bonds originally issued under this article or any previously
25 issued refunding bonds.

26 998.556. Notwithstanding any other provision of this article,
27 or of the State General Obligation Bond Law, if the Treasurer sells
28 bonds pursuant to this article that include a bond counsel opinion
29 to the effect that the interest on the bonds is excluded from gross
30 income for federal tax purposes, subject to designated conditions,
31 the Treasurer may maintain separate accounts for the investment
32 of bond proceeds and for the investment of earnings on those
33 proceeds. The Treasurer may use or direct the use of those proceeds
34 or earnings to pay any rebate, penalty, or other payment required
35 under federal law or take any other action with respect to the
36 investment and use of those bond proceeds required or desirable
37 under federal law to maintain the tax exempt status of those bonds
38 and to obtain any other advantage under federal law on behalf of
39 the funds of this state.

1 998.557. The Legislature hereby finds and declares that,
2 inasmuch as the proceeds from the sale of bonds authorized by
3 this article are not “proceeds of taxes” as that term is used in Article
4 XIII B of the California Constitution, the disbursement of these
5 proceeds is not subject to the limitations imposed by that article.

6 SEC. 4. Sections 1 to 3, inclusive, of this act shall take effect
7 upon the approval by the voters of the Veterans Housing and
8 Homeless Prevention Act of 2014, as set forth in Section 3 of this
9 act.

10 SEC. 5. (a) Notwithstanding Sections 9040, 9043, 9044, 9061,
11 9094, and 13115 of the Elections Code or any other law, a ballot
12 measure that sets forth Sections 1 to 3, inclusive, of this act shall
13 be submitted to the voters at the November 4, 2014, general
14 election.

15 (b) The Secretary of State shall ensure the placement of the
16 ballot measure as set forth in Sections 1 to 3, inclusive, of this act
17 on the November 4, 2014, general election ballot, in substantial
18 compliance with any statutory time requirements applicable to the
19 submission of statewide measures to the voters at a statewide
20 election.

21 (c) The Secretary of State shall include, in the ballot pamphlet
22 mailed pursuant to Section 9094 of the Elections Code, the
23 information specified in Section 9084 of the Elections Code
24 regarding the provisions contained in Sections 1 to 3, inclusive,
25 of this act.

26 SEC. 6. This act is an urgency statute necessary for the
27 immediate preservation of the public peace, health, or safety within
28 the meaning of Article IV of the Constitution and shall go into
29 immediate effect. The facts constituting the necessity are:

30 In order that this act be included on the November 4, 2014,
31 general election ballot for purposes of assisting veterans at the
32 earliest possible time, it is necessary that this act take effect
33 immediately.