



Good Neighbors

San Diego
Housing Commission

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INFORMATIONAL REPORT

DATE: For the Agenda of October 4, 2002 **ITEM 102**

REPORT NO.: HCR02-094

SUBJECT: Summary of 2002 State Legislative Session

SUMMARY

This has been an exciting year for State legislation related to housing. Many beneficial bills have made their way to the Governor's desk for signature. The bills address a variety of policy and financial issues. This informational report will summarize those actions taken during the 2002 State Legislative Session that are significant to the San Diego Housing Commission, including the State budget and significant housing bills.

DISCUSSION

Legislation

SB 1227 (Burton)/Proposition 46: Housing and Emergency Shelter Trust Fund Act of 2002

This Proposition will finance \$2.1 billion in affordable housing construction through a state bond. The bond act will be submitted to voters at the November 5, 2002, statewide general election. It requires a majority vote for approval.

SB 1227 specifies how funds generated by the Housing and Emergency Shelter Trust Fund Act of 2002 would be allocated among various housing programs. The allocation would be as follows:

- \$910 million for the Multifamily Housing Program.
- \$495 million for homeownership programs, including sweat equity housing and downpayment assistance for low and moderate-income families.
- \$390 million for emergency shelters and permanent housing with services for homeless seniors, battered women, mentally ill people, and veterans.
- \$200 million for the Joe Serna, Jr. Farmworker Housing Program.
- \$100 million for incentives for local governments to approve affordable housing developments.



A state agency authorized by the City of San Diego

- \$5 million for local code enforcement to revitalize neighborhoods.

The following four bills are directly related to SB 1227:

AB 1170 (Firebaugh): Housing- Downpayment assistance

This bill would create the Building Equity and Growth in Neighborhoods (BEGIN) Fund which provide grants to cities and counties for downpayment assistance for first-time homebuyers for newly constructed housing. The locality would have to demonstrate that it has taken prescribed actions to remove barriers to affordable housing. Proposition 46 would appropriate \$75M for the creation of the program.

AB 1891 (Diaz): Housing Trust Funds

This bill would establish a program for matching grants to cities and counties that develop and maintain a local housing trust fund. Proposition 46 would appropriate \$25M for the creation of the program.

SB 372 (Dunn): Multifamily Preservation

This bill would create an interim preservation loan program to preserve the affordability restrictions on Federally subsidized developments in danger of converting to market-rate. Proposition 46 would appropriate \$50M for the creation of the program.

SB 423 (Torlakson): Workforce Housing Reward Program

This bill establishes a program to provide capital grants to localities as an incentive to create low and very-low income housing. Local governments must demonstrate that they have increased the number of building permits issued over the average of the previous three-years. Proposition 46 would appropriate \$100M in funding for the program.

SB 800 (Burton): Liability- Construction Defects

This bill specifies the rights and requirements of a homeowner to bring an action for construction defects including applicable standards for home construction, the statute of limitations, the burden of proof, the damages recoverable, a detailed pre-litigation procedure and obligations of the homeowner. Specifically, it allows a developer to correct defects prior to authorizing a homeowner to litigate.

SB 972 (Costa): Public Works- Prevailing Wages

This bill excludes certain projects from the requirements of public works and prevailing wage laws established by last year's SB 975. Projects exempted from prevailing wage requirements include self-help housing, single-family downpayment assistance, non-profit shelters and transitional housing (with some conditions) and projects using below-market rate loans where at least 40% of the units are affordable.

SB 1403 (Kuehl): Landlord-Tenant

This bill requires that landlords give tenants 60-days notice before evicting them under the state's "no fault" eviction law. In addition, it requires that landlords give written notice to tenants prior to entering the unit.

SB 1576 (Bowen) Landlords- Disclosure of Demolitions

This bill requires that landlords give tenants 90-days' notice of an impending demolition of the building. In addition, it requires that landlords give notice to prospective tenants prior to requiring that they pay an application or credit check fee.

SB 1654 (Burton): Office of Homelessness

This bill establishes the Office of Homelessness in the Governor's Office to coordinate the efficient use of existing state resources and improve the management and oversight of all state homeless programs.

SB 1925 (Sher) CEQA- Exemptions

This bill exempts from full environmental review certain low-income, farmworker, and in-fill housing projects. The bill sets forth a number of criteria that a project must meet in order to qualify for the exemption. In cities with population of 100,000 or more, projects of not more than 100 units will qualify for the new exemptions.

AB 1866 (Wright): Housing- Density Bonuses

This bill strengthens two important state housing laws; the density bonus and the second unit laws. It requires that localities remove barriers that impede the use of both laws. Further, it expands the application of the State-mandated density bonus to include a density bonus for projects that reserve 20% of the units for moderate-income homebuyers.

AB 2292 (Dutra): General plans- residential density

This bill would require a city or county to make written findings in order to reduce the density of any residential parcel of land below the density that was utilized in determining compliance with the housing element.

AB 2330 (Migden): Landlord and Tenant

This bill requires that landlords conduct a pre-move out walk-through with any tenant that requests it. The tenant would then be able to make repairs necessary to avoid losing the security deposit.

AB 2787 (Aroner): Housing- Universal Design Guidelines

This bill would require the Department of Housing and Community Development to develop guidelines and a model ordinance for the construction of housing that meets universal design principals.

AB 2867 (Kehoe): Joint Powers Agency- San Diego

This bill authorizes the Redevelopment Agency, the Housing Authority, the Unified School District of San Diego and the City to create and operate a joint powers agency with all of the powers of those agencies to acquire property, construct, improve or finance one or more schools, housing projects, parks, recreational facilities and anything necessary for their operation.

Budget

With the exception of two programs, the State Legislature has zeroed out the State's housing budget in anticipation of the passage of Proposition 46, the \$2.1B State Housing Bond. The two programs that are still funded through the budget are the Emergency Housing and Assistance Program (EHAP) at \$5.5M and the Farmworker Housing Grant Program at \$11M. The amount of funding for EHAP would be reduced substantially with the passage of Proposition 46.

Respectfully submitted
and Approved by,

**Signature on File
With Original Document**

Elizabeth C. Morris
Chief Executive Officer