

Assembly Bill No. 639

CHAPTER 727

An act to amend Sections 50408, 50501, 50505, 50510, and 50512 of the Health and Safety Code, and to amend Section 998.403 of, and to add Article 3.2 (commencing with Section 987.001), and 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.

[Approved by Governor October 10, 2013. Filed with
Secretary of State October 10, 2013.]

LEGISLATIVE COUNSEL'S DIGEST

AB 639, John A. Pérez. Veterans Housing and Homeless Prevention Bond Act of 2014: 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 enact the Veterans Housing and Homeless Prevention Bond Act of 2014 (the bond act) to authorize the issuance of bonds in the amount of \$600,000,000, as specified, for expenditure by the California Housing Finance Agency, the Department of Housing and Community Development, and the Department of Veterans Affairs to provide multifamily housing to veterans pursuant to the Veterans Housing and Homeless Prevention Act of 2014 (VHHPA), also enacted by the bill. The bill would authorize the Legislature to amend the provisions of the bond act, by majority vote, for specified purposes. The bill would impose a specified reporting requirement on the Department of Housing and Community Development to evaluate, in collaboration with the Department of Veterans Affairs, any program established by the former pursuant to the VHHPA. The bill would authorize the Department of Housing and Community Development to provide specified assistance to veterans.

The bill would provide for submission of a specified section to the voters at the June 3, 2014, statewide primary election, as specified.

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

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

SECTION 1. Article 5y (commencing with Section 998.540) is added to Chapter 6 of Division 4 of the Military and Veterans Code, to read:

Article 5y. The Veterans Housing and Homeless Prevention Bond Act
of 2014

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

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

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

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

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

(e) The Legislature must advance a comprehensive, coordinated, and cost-effective approach to respond to the housing needs of our veterans. Such an approach should leverage public and private resources as well as align housing and services.

(f) Five years ago, Californians overwhelmingly affirmed their gratitude to our veterans by approving Proposition 12, a nine hundred million dollars (\$900,000,000) general obligation bond intended to help veterans specifically purchase single family homes, farms, and mobilehomes through the CalVet Home Loan Program.

(g) As a result of the nation's economic crisis and state's housing downturn coupled with the changing demographics of our veterans, the Farm and Home Loan Program, as approved by Proposition 12, has been significantly undersubscribed. Five years since its passage, the full nine hundred million dollars (\$900,000,000) remains unspent as does a portion

of the five hundred million dollars (\$500,000,000) from Proposition 32, which was approved by the voters in 2000.

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

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

(j) The Veterans Housing and Homeless Prevention Bond Act of 2014 will restructure six hundred million dollars (\$600,000,000) of the existing Proposition 12 bond moneys to allow for the construction and rehabilitation of multifamily housing for veterans and prioritize projects that align housing with services. Even with this restructuring of bond moneys, the act still preserves over half a billion dollars for the existing CalVet Farm and Home Loan Program.

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

998.542. (a) 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), as amended from time to time, except as otherwise provided herein, is adopted for the purpose of the issuance, sale, and repayment of, and otherwise providing with respect to, the bonds authorized to be issued by this article, and the provisions of that law are included in this article as though set out in full in this article. All references in this article to "herein" refer both to this article and that law.

(b) For purposes of the State General Obligation Bond Law, the Department of Veterans Affairs is designated the board. The Department of Veterans Affairs shall carry out the board duties in consultation with the California Housing Finance Agency and the Department of Housing and Community Development.

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

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

(b) "Bond" means a veterans' bond, a state general obligation bond, issued pursuant to this article adopting the provisions of the State General Obligation Bond Law.

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

(d) "Committee" means the Housing for Veterans Finance Committee, established pursuant to Section 998.547.

(e) "Fund" means the Housing for Veterans Fund, established pursuant to Section 998.544.

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

(b) The proceeds of bonds issued and sold pursuant to this section shall be made available to the board for the purposes of creating a fund to provide multifamily housing to veterans and their families pursuant to the Veterans Housing and Homeless Prevention Act of 2014 (Article 3.2 (commencing with Section 987.001)), and any subsequent statutory enactment that amends that act or enacts or amends any successor act for the purpose of providing housing to veterans and their families.

(c) 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.

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

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 subdivisions (a) and (b) of 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, Secretary of Business, Consumer Services, and Housing, and Secretary of Veterans Affairs, or their designated representatives. The Treasurer shall serve as chairperson of the committee. A majority of the committee may act for the committee.

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

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

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

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

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

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

998.552. All money deposited in the fund that is derived from premium and accrued interest on bonds sold, in excess of any amount of premium used to pay costs of issuing the bonds, shall be reserved in the fund and shall be available for transfer to the General Fund as a credit to expenditures for bond interest.

998.553. Pursuant to Chapter 4 (commencing with Section 16720) of Part 3 of Division 4 of Title 2 of the Government Code, all or a portion of the cost of bond issuance may be paid out of the bond proceeds, including any premium derived from the sale of the bonds. These costs shall be shared proportionally by each program funded through this bond act.

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

998.555. The bonds may be refunded in accordance with Article 6 (commencing with Section 16780) of Chapter 4 of Part 3 of Division 4 of Title 2 of the Government Code, which is a part of the State General Obligation Bond Law. Approval by the voters of the state for the issuance

of the bonds described in this article includes the approval of the issuance of any bonds issued to refund any bonds originally issued under this article or any previously issued refunding bonds.

998.556. Notwithstanding any other provision of this article, or of the State General Obligation Bond Law, the Treasurer may maintain separate accounts for the investment of bond proceeds and for the investment of earnings on those proceeds. The Treasurer may use or direct the use of those proceeds or earnings to pay any rebate, penalty, or other payment required under federal law or take any other action with respect to the investment and use of those bond proceeds required or desirable under federal tax law or to obtain any other advantage under federal law on behalf of the funds of this state.

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

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

998.403. For the purpose of creating a fund to provide farm and home aid for veterans in accordance with the Veterans’ Farm and Home Purchase Act of 1974 (Article 3.1 (commencing with Section 987.50)), and of all acts amendatory thereof and supplemental thereto, the committee may create a debt or debts, liability or liabilities, of the State of California, in the aggregate amount of not more than three hundred million dollars (\$300,000,000), exclusive of refunding bonds, in the manner provided herein.

SEC. 3. Article 3.2 (commencing with Section 987.001) is added to Chapter 6 of Division 4 of the Military and Veterans Code, to read:

Article 3.2. The Veterans Housing and Homeless Prevention Act of 2014

987.001. This article may be cited as the Veterans Housing and Homeless Prevention Act of 2014.

987.002. (a) The purpose of this article is to provide the acquisition, construction, rehabilitation, and preservation of affordable multifamily supportive housing, affordable transitional housing, affordable rental housing, or related facilities for veterans and their families to allow veterans to access and maintain housing stability.

(b) A program established under this article shall be restricted to veterans and their families.

(c) The California Housing Finance Agency, the Department of Housing and Community Development, and the Department of Veterans Affairs, herein after “departments,” shall work collaboratively pursuant to the memorandum of understanding, as specified in Section 987.006, to carry out the duties and functions of this article.

987.003. As used in this article:

(a) “Supportive housing” has the same meaning as defined in paragraph (2) of subdivision (b) of Section 50675.14 of the Health and Safety Code, but is not restrictive to only projects with five or more units.

(b) “Transitional housing” has the same meaning as defined in subdivision (h) of Section 50675.2 of the Health and Safety Code, but is not restrictive to only projects with five or more units.

(c) “Affordable rental housing” shall mean a rental housing development, as defined in subdivision (d) of Section 50675.2 of the Health and Safety Code, with affordable rents, as defined in subdivision (a) of Section 50675.2 of the Health and Safety Code, but neither definition is restrictive to only projects with five or more units.

(d) “Veteran” means any person who served in the active military, naval, or air service of the United States, or as a member of the National Guard who was called to and released from active duty or active service, for a period of not less than 90 consecutive days or was discharged from the service due to a service-connected disability within that 90-day period.

987.004. The administration of this article is vested solely in the departments. Total costs of administering this article shall not exceed 5 percent of the bond funds issued.

987.005. (a) The departments shall establish and implement programs pursuant to the purposes of this article that focus on veterans at risk for homelessness or experiencing temporary or chronic homelessness. To the extent feasible, the departments shall establish and implement programs that, among other things, do the following:

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

(2) Prioritize projects that combine housing and supportive services, including, but not limited to, job training, mental health and drug treatment, case management, care coordination, or physical rehabilitation.

(3) Promote public and private partnerships.

(4) Foster innovative financing opportunities.

(5) Ensure program guidelines and terms provide threshold requirements or scoring criteria, or both, to advance applicants with experience in combining permanent or transitional housing, or both, with supportive services for veterans, or for partnering with housing developers or service providers with experience offering housing or services to veterans.

(b) The departments shall ensure at least 50 percent of funds awarded for capital development under this article provide housing to veteran households with extremely low incomes, as defined in Section 50106 of the Health and Safety Code.

(1) In determining whether a potential tenant is eligible for supportive, affordable, or transitional housing targeted to extremely low income households under this provision, eligibility shall take into consideration all of a household’s income sources upon initial tenancy.

(2) At least 60 percent of units funded targeting extremely low income households shall be supportive housing.

(3) This section shall not deter the departments from funding projects serving mixed-income populations.

(c) The departments may review, adopt, amend, and repeal guidelines or terms, or both, to implement this article. Any guidelines or terms adopted to implement this article shall not be subject to Chapter 3.5 (commencing with Section 11340) of Part 1 of Division 3 of Title 2 of the Government Code.

(d) Nothing in this article permits the departments or the board to purchase, operate, or manage properties except in the event of a foreclosure on a borrower or grantee.

987.006. (a) No later than August 15, 2014, the departments shall enter into a memorandum of understanding to address their respective and shared responsibilities in implementing, overseeing, and evaluating this article.

(b) No later than August 15, 2014, the departments shall submit the memorandum of understanding to the Senate and Assembly Budget Committees.

987.007. The departments shall convene a stakeholder process to inform the development of guidelines for the implementation of any program pursuant to this article. Stakeholders represented shall include, but not be limited to, organizations that have experience providing housing or homeless services, or both, to veterans, housing developers, and public and private agencies that serve the veteran population.

987.008. (a) Pursuant to guidelines or terms developed pursuant to this article, a housing provider or sponsor may redesignate units within a project, so long as the same number of units financed under this act remain restricted to veterans and their families.

(b) Pursuant to guidelines or terms pursuant to this article, any units financed as supportive or transitional housing units for veterans may be redesignated as affordable rental or supportive housing to allow a veteran resident to remain housed in the project.

987.009. Notwithstanding Section 13340 of the Government Code, the proceeds of bonds deposited in the Housing for Veterans Fund pursuant to Section 998.544 shall be subject to annual appropriation, as determined by the Legislature.

SEC. 4. Section 50408 of the Health and Safety Code is amended to read:

50408. (a) On or before December 31 of each year, the department shall submit an annual report to the Governor and both houses of the Legislature on the operations and accomplishments during the previous fiscal year of the housing programs administered by the department, including, but not limited to, the Emergency Housing and Assistance Program and Community Development Block Grant activity.

(b) The report shall include all of the following information:

(1) The number of units assisted by those programs.

(2) The number of individuals and households served and their income levels.

(3) The distribution of units among various areas of the state.

(4) The amount of other public and private funds leveraged by the assistance provided by those programs.

(5) Information detailing the assistance provided to various groups of persons by programs that are targeted to assist those groups.

(6) The information required to be reported pursuant to Section 17031.8.

(7) An evaluation, in collaboration with the Department of Veterans Affairs, of any program established by the department pursuant to Article 3.2 (commencing with Section 987.001) of Chapter 6 of Division 4 of the Military and Veterans Code.

SEC. 5. Section 50501 of the Health and Safety Code is amended to read:

50501. The department may furnish counseling and guidance services to aid any governmental agency or any private or nonprofit organization or persons in securing the financial aid or cooperation of government agencies in the undertaking, construction, maintenance, operation, or financing of housing for Indians, farm laborers and their families, persons and families displaced by action of any state or local public entity, workers engaged in cutting, processing, milling, handling, or shipping lumber or lumber products, the families of such workers, veterans, the elderly and handicapped, and persons and families of low or moderate income. The department may contract for or sponsor, subject to the availability of federal funds, experimental or demonstration projects for permanently fixed or mobile housing designed to meet the special needs of agricultural workers, persons displaced by action of any local public entity, the handicapped, the elderly, veterans, Indians, and persons and families of low or moderate income. Such contracts or sponsorship agreements may be between the department and local public entities, private enterprise, or nonprofit organizations.

SEC. 6. Section 50505 of the Health and Safety Code is amended to read:

50505. The department may enter into agreements to provide staffing to assist government agencies in the conduct of federal loan and grant programs for the provision of housing for veterans and persons and families of low or moderate income in this state.

SEC. 7. Section 50510 of the Health and Safety Code is amended to read:

50510. The department shall develop and, subject to specific authorization and appropriation by the Legislature or the availability of federal subsidies, implement demonstration subsidy programs to test the effectiveness of one or more housing subsidy programs for veterans, very low income households, or other persons and families of low or moderate income. Such programs may include housing allowance payments, homeownership downpayment assistance, homeownership interest subsidy, leased housing subleased to very low income households, rent supplement payments on behalf of very low income households, or other types of subsidy programs.

SEC. 8. Section 50512 of the Health and Safety Code is amended to read:

50512. The department may provide technical assistance and aid to governmental agencies, nonprofit corporations, and housing sponsors for the purpose of providing the benefits of assisted housing to veterans, very low income households, and persons and families of low or moderate income which are handicapped or in which the head of household has been previously confined to institutional care. Subject to the availability of staff resources, the department shall coordinate its technical assistance activities and loan and grant programs in order to increase participation and understanding of those activities and programs by public and private groups and individuals seeking to expand or improve housing opportunities for veterans, the elderly, or the handicapped.

SEC. 9. Section 1 of this act shall take effect upon the approval by the voters of the Veterans Housing and Homeless Prevention Bond Act of 2014, as set forth in that section.

SEC. 10. (a) Notwithstanding Sections 9040, 9043, 9044, 9061, 9094, and 13115 of the Elections Code or any other law, a ballot measure that sets forth Section 1 of this act shall be submitted to the voters at the June 3, 2014, statewide primary election.

(b) The Secretary of State shall ensure the placement of the ballot measure as set forth in Section 1 of this act on the June 3, 2014, statewide primary election ballot, in substantial compliance with any statutory time requirements applicable to the submission of statewide measures to the voters at a statewide election.

(c) The Secretary of State shall include, in the ballot pamphlet mailed pursuant to Section 9094 of the Elections Code, the information specified in Section 9084 of the Elections Code regarding the provisions contained in Section 1 of this act.

SEC. 11. This act is an urgency statute necessary for the immediate preservation of the public peace, health, or safety within the meaning of Article IV of the Constitution and shall go into immediate effect. The facts constituting the necessity are:

In order that Section 1 of this act be included on the June 3, 2014, statewide primary election ballot for purposes of assisting veterans at the earliest possible time, it is necessary that this act take effect immediately.