

10-18-1990

# Report on Housing Related Legislation for the 1989-90 Regular Session of the Legislature

Senate Committee on Housing and Urban Affairs

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## Recommended Citation

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CALIFORNIA LEGISLATURE  
SENATE COMMITTEE ON  
HOUSING AND URBAN AFFAIRS  
SENATOR LEROY F. GREENE, CHAIRMAN

Report on  
**HOUSING RELATED LEGISLATION  
FOR THE 1989-90 REGULAR SESSION  
OF THE LEGISLATURE**



October 18, 1990  
State Capitol  
Sacramento, California

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**SENATE COMMITTEE ON HOUSING AND URBAN AFFAIRS**

**REPORT ON HOUSING RELATED LEGISLATION  
FOR THE 1989-90 REGULAR SESSION OF THE LEGISLATURE**

October 18, 1990

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# California Legislature

## Senate Committee

on

## Housing and Urban Affairs

LEROY F. GREENE  
CHAIRMAN

STATE CAPITOL ROOM 2205  
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October 18, 1990

The 1989-90 Legislative Session has proven to be busy, productive and successful in regard to housing legislation and the work of the Senate Committee on Housing and Urban Affairs.

During this session the Department of Housing and Community Development began the allocation of bond proceeds for various housing programs authorized by SB 1692 and SB 1693 (Roberti and L. Greene) and AB 2032 (Brown) and funded by Propositions 77 and 84 approved in 1988. As of this date, over \$118 million has been committed throughout the State. We are now seeing the acquisition and rehabilitation of emergency shelters, the rehabilitation and seismic repair of owner and rental housing and the construction of new affordable rental housing.

The continued effort to provide more financing for affordable housing resulted in the enactment of SB 2456 (Maddy) authorizing a \$325 million general obligation bond issue for the November 1990 ballot comprised of a \$200 million reauthorization for first time homebuyer assistance and a new \$125 million authorization for various housing programs.

With the advice and assistance of our Working Group on the Low Income Housing Tax Credit we were able to enact SB 70, SB 726 and SB 1085 (L. Greene) and SB 1290 (Seymour) to continue and improve the low income housing tax credit program. The tax credit program has resulted in the award of credit for over 400 projects and 16,000 rental units since 1987.

Our housing preservation package consisting of SB 1235 (L.

Greene), SB 1282 (Seymour), SB 1286 (Seymour), SB 1908 (Mello), SB 1913 (Petris), SB 2012 (L. Greene) and AB 3277 (Costa) developed with the assistance of our Working Group on Housing Preservation was enacted to prevent the loss of our existing stock of lower income rental housing.

Legislation designed to promote the development of affordable housing was enacted. SB 2011 (L. Greene) requires local governments to approve the development of low and moderate income housing unless certain findings are made. Improvements in the housing element planning process were enacted in SB 2274 (Bergeson).

Finally, following the Loma Prieta earthquake, SB 3X (Marks), SB 4X (L. Greene) and AB 1663 (Hauser) were enacted to provide a permanent program of disaster assistance for housing and appropriate \$74 million in housing aid to earthquake damaged areas of the State.

These measures, other housing legislation and issues considered by the Legislature are described in the following report.

Sincerely,

LEROY F. GREENE

LFG/cl

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SENATE COMMITTEE ON HOUSING AND URBAN AFFAIRS

REPORT ON HOUSING RELATED LEGISLATION

FOR THE 1989-90 REGULAR SESSION OF THE LEGISLATURE

I. INTRODUCTION

The 1988 California Statewide Housing Plan, which is required to be prepared by the Department of Housing and Community Development every two years, identifies the housing needs of the State as follows:

- An average of 230,000 housing units need to be built annually through 1990.
- More than a million housing units need to be rehabilitated or replaced.
- Over 1.8 million households pay more than 25% of their income for housing (21.6% of all households).
- Over 500,000 households live in overcrowded housing (6.9% of all households).

In addition, the plan indicates that severe housing affordability problems exist for many households. The most serious problems exist for those with no shelter, the homeless. The Department estimated the number of homeless from 50,000 to 75,000, but other sources place the figure over 200,000 with the fastest growing segment being families with children. The affordability problem is greatly exacerbated for other low and very low income households such as the elderly, minorities, disabled and farmworkers.

The housing plan is intended to set out the tasks necessary to achieve the overall State goal of attaining a "decent home and living environment for every Californian". Unfortunately, the plan does not have a monitoring system to determine whether the plan's goal and objectives are being attained.

One indicator of how well California is meeting its goal of producing 230,000 new living units annually is the number of building permits issued by year. The following data shows single family and multifamily building permits issued by year:

<u>NEW HOUSING UNITS (in 1,000s)</u>			
<u>YEAR</u>	<u>SINGLE FAMILY</u>	<u>MULTIFAMILY</u>	<u>TOTAL UNITS</u>
1980	89.8	41.9	131.7
1981	60.3	44.3	104.6
1982	51.2	34.5	85.7
1983	102.5	70.1	172.6
1984	112.8	112.0	224.8
1985	114.2	158.1	272.3
1986	146.6	168.0	314.6
1987	136.1	117.0	253.1
1988	162.2	93.4	255.6
1989	162.7	75.1	237.7

**SOURCE:** Construction Industry Research Board, August 1990

Another measure of the extent to which affordability is being maintained or improved is the affordability index developed by the California Association of Realtors. The index shows the percentage of households that can not afford to purchase the median priced home. The following data compares California with the nation by year:

	<u>1985</u>	<u>1986</u>	<u>1987</u>	<u>1988</u>	<u>1989</u>
United States	42%	47%	49%	49%	48%
California					
Detached Homes	27%	30%	32%	24%	19%
Condominiums	35%	42%	44%	39%	33%

**SOURCE:** California Association of Realtors, February 1990

While it appears that sufficient living units are being produced on an annual basis over the last five years to meet the housing plan objective, actual need is probably greater because population has grown faster than estimated. While this data contain no specific evidence, it is unlikely that these new units are meeting needs of those with the greatest shelter problems, the homeless and low and very low income households. Based on the index, housing affordability is declining rapidly. Only one out of every five California families can afford to buy the median priced, detached home.

To meet the State's housing needs, the Senate Housing and Urban Affairs Committee has promoted legislation with the following objectives: 1) provide housing for those who have the greatest unmet needs, such as the homeless and farmworkers; 2) provide affordable rental housing; 3) rehabilitate and preserve existing housing; and 4) promote production of affordable single family housing.



## II. STATE HOUSING PROGRAMS

The State of California operates several housing programs designed to provide affordable housing for low and moderate income families. The Department of Housing and Community Development manages several loan and grant programs funded through the state budget specifically targeted to low and very low income families. The California Housing Finance Agency utilizes mortgage revenue bonds to provide below market mortgage financing for owner-occupied single family units and rental properties primarily for low and moderate income families.

With the passage of Proposition 107 in the spring of 1990, the electorate approved the final bond issue authorized by SB 1692 and SB 1693 (Roberti and L. Greene) and AB 2032 (W. Brown) enacted in 1987. The general obligation bond funds authorized by the combined Propositions 77, 84, and 107 now total \$600 million which is required to be distributed as follows:

PROGRAM COMPONENTS	<u>AB 2032</u> <u>6/1988</u>	<u>SB 1692 AND SB 1693</u> <u>11/1988</u>	<u>6/1990</u>	<u>TOTAL</u>
	(IN MILLIONS)	(IN MILLIONS)	(IN MILLIONS)	(IN MILLIONS)
Seismic Rehabilitation				
Rental Housing	\$ 80	-0-	-0-	\$ 80
Housing Rehabilitation	70	-0-	-0-	70
Rental Housing Construction	-0-	\$200	\$100	300
Residential Hotel Acquisition and Rehabilitation	-0-	25	15	40
Emergency Shelter	-0-	25	10	35
Family Housing Demonstration Program	-0-	15	-0-	15
Farm Labor Centers	-0-	10	-0-	10
First-Time Home Purchase Assistance	-0-	25	25	50
<b>TOTAL</b>	<u>\$150</u>	<u>\$300</u>	<u>\$150</u>	<u>\$600</u>

While the initial implementation of these programs has been slow, the Department of Housing and Community Development now has committed over \$118 million of these proceeds to various rehabilitation and construction projects located throughout the State. Additional awards are being made on an ongoing basis as applications are received and evaluated. All programs have been implemented with the exception of the Family Housing Demonstration Program for which planning is under way.

During the current session of the Legislature the effort to provide more financing for housing was continued. Legislation was passed to place a \$325 million general obligation bond issue on the November 1990 ballot which will allocate bond proceeds as follows (SB 2456):

●First-time Homebuyers	\$200 million
●Emergency Shelter Program	\$ 10 million
●Farmworker Housing Grants	\$ 10 million
●Rental Housing Mortgage and Bond Insurance	\$ 15 million
●Rental Housing and Seismic Rehabilitation	\$ 45 million
●Rental Housing Preservation	\$ 45 million

In addition, legislation was passed to reserve \$975 million of the State's private activity bond limit for the California Housing Finance Agency to provide mortgage financing for single family homes (AB 4236).

Several measures extending emergency shelter and farmworker housing programs and services were passed to: permit homeless shelters to provide temporary housing for up to 180 days for homeless individuals and families engaged in programs to find permanent employment and shelter (SB 480); permit state funds to be used exclusively for shelter operating expenses (SB 995); extend eligibility for participation in the rental deposit guarantee program (SB 2869); and establish a new San Diego County farmworker housing program (AB 617).

The following bills relating to the State housing programs were considered by the Legislature during the 1989-1990 session:

**SB 75**            Housing Programs: Proposition 77: Makes various technical and clarifying changes necessary to implement the housing rehabilitation programs funded by Proposition 77 including defining "rental housing project", permitting property acquisition and rehabilitation, refinancing existing debt, and establishing default reserves.

Chapter 34, Statutes of 1989

**SB 480**            Emergency Housing: Proposition 84: Permits state funded emergency shelters to provide temporary housing for up to 180 days for homeless families and individuals engaged in programs to secure permanent shelter and income. Makes various technical and clarifying changes necessary to implement the following housing programs funded by Proposition 84: The Rental Housing Construction Program, the Family Housing Demonstration Program and the Migrant Farmworker Housing Program.

Chapter 1346, Statutes of 1989 (Item vetoed)

- SB 535**            **Farmworker Housing Grant Fund**: Reappropriates unexpended  
**MELLO**            balance from the sunsetted Farm Labor Housing  
Rehabilitation Program to the Senior Citizens' Shared  
Housing Program and the Rural Community Facilities  
Technical Assistance Program.
- Died in Committee
- SB 616**            **Homeless JOB Programs**: Requires the Department of  
**L. GREENE**        Employment Development to establish a demonstration  
program to provide job referral and counseling services to  
homeless persons in homeless shelters.
- Vetoed by Governor
- SB 995**            **Emergency Housing**: Permits State Emergency Shelter  
**TORRES**        Program funds to be used exclusively for operating  
expenses of shelters and service programs for the  
homeless.
- Chapter 1329, Statutes of 1989
- SB 1093**         **Housing: Prison Employees**: Requires the California  
**PRESLEY**        Housing Finance Agency, the Department of Housing and  
Community Development, the Office of the State Treasurer  
and the Department of Corrections to join with the Public  
Employees' Retirement System and the State Teachers  
Retirement System to submit a report to the Governor and  
the Legislature on how to produce affordable housing in  
prison communities. Appropriates \$1.119 million for a loan  
to the County of Del Norte to mitigate the impact of the  
late opening of Pelican Bay State Prison.
- Chapter 1338, Statutes of 1989
- SB 1205**         **Housing Programs**: Appropriates \$9.5 million from the  
**ALQUIST**        General Fund for various housing programs receiving no new  
funding or no funding in the proposed 1989-90 Governor's  
Budget.
- Died in Committee
- SB 1278**         **Housing Programs**: Creates the Housing Fund Committee  
**SEYMOUR**        responsible for determining whether a locality has not  
adopted or is not implementing an adequate housing element  
and whether certain local policies, or governmental  
constraints will have an adverse impact on housing for  
lower income households. Also, provides that either  
determination will prohibit funds administered by HCD from  
being awarded to that locality.
- Failed Passage in Committee

SB 1281  
SEYMOUR

Self-Help Housing Program: Appropriates \$2.1 to \$2.4 million from the unexpended balances of previous appropriations for other housing programs to the Self-Help Housing Program.

Died in Committee

SB 1283  
SEYMOUR

Mortgage Credit Certificates: Authorizes the California Housing Finance Agency to establish a mortgage credit certificates (MCC) program.

Chapter 957, Statutes of 1989

SB 1455  
MARKS

Congregate Housing Services: Requires the Department of Aging to establish a congregate housing services 3 year demonstration program for frail elderly or functionally impaired adults and appropriates \$72,000 from General Fund for the first year of program operations.

Vetoed by Governor

SB 1499  
ROBERTI

California Coastal Zone: Housing Study: Requires the California Coastal Commission to study and report its findings and recommendations on options and mechanisms for administering low and moderate income housing units in the coastal zone of Orange County.

Died in Committee

SB 1686  
HART

Housing: Senior Citizen Restrictions: Permits a health care professional to temporarily reside in a dwelling unit in a senior citizen housing development.

Chapter 190, Statutes of 1989

SB 1710  
TORRES

Existing High-rise State Building Fire Protection Act of 1990: Authorizes a \$100 million bond issue, subject to voter approval, to design and install automatic fire extinguishing systems in existing state-owned high-rise buildings.

Died in Committee

SB 2226  
ROBERTI

Housing and Earthquake Safety Bond Act of 1990: Authorizes the issuance of \$200 million in G.O. Bonds for various housing programs if approved by the electorate in November 1990.

Died in Committee

**SB 2254**  
**MORGAN**

**Housing Finance:** Expands eligibility to participate in the bond funded Home Purchase Assistance Program to include low and moderate income teachers employed by school districts.

Died in Committee

**SB 2288**  
**ROBERTI**

**Homelessness:** Designates the Health and Welfare Agency as the lead agency to coordinate with various agencies pursuant to federal law. Also, requires the Secretary of Health and Welfare to continue the operation of the State Interagency Task Force and carry out specified duties.

Vetoed by Governor

**SB 2456**  
**MADDY**

**General Obligation Bonds:** Reauthorizes \$200 million in G.O. Bonds to provide home purchase assistance for first time homebuyers and authorizes \$125 million in new G.O. Bonds for the following programs upon approval of the electorate in November 1990:

- o\$10 Million Emergency Shelter Program
- o\$10 Million Farmworker Housing Grants
- o\$15 Million Rental Housing Mortgage & Bond Insurance
- o\$45 Million Rental Housing & Seismic Rehabilitation
- o\$45 Million Rental Housing Preservation

Chapter 577, Statutes 1990

**SB 2559**  
**L. GREENE**

**High Density Housing\Transit:** Establishes a demonstration program administered by the Department of Transportation in cooperation with the California Transportation Commission to test the effectiveness of locating high density housing within one half mile of mass transit guideway station (rail transit) to increase transit ridership.

Chapter 1304, Statutes of 1990

**SB 2674**  
**L. GREENE**

**Housing:** Makes technical and policy clean up changes in the Family Housing Demonstration Program and the Rental Housing Construction Program including specifying the set asides for handicapped and rural housing.

Chapter 1311, Statutes of 1990

**SB 2695**  
**BERGESON**

**Low-Rent Housing Projects:** Specifies that Article 34 of the State Constitution does not apply to a housing development that is a limited equity housing cooperative and exempts property acquisition by the Department of Housing and Community Development from review and approval of the State Public Works Board.

Chapter 1312, Statutes of 1990

SB 2707  
ROBERTI

Housing: Emergency Shelter: Appropriates \$2.5 million to the Emergency Housing and Assistance Fund to provide operating funds for homeless shelters.

Died in Committee

SB 2869  
ROSENTHAL

Housing: Homeless Persons: Extends the eligibility guidelines for receiving assistance and services under the Transitional Housing Rental Deposit Guarantee Demonstration Program.

Chapter 1377, Statutes of 1990

SB 2870  
MADDY

Housing: First-Time Home Purchase Assistance Program: Authorizes the issuance of \$200 million in G.O. Bonds for deferred payment and second mortgages for certain first-time homebuyers.

Died in Committee

SB 2908  
CALDERON

Housing: Public Safety Employees: Requires the Department of Housing and Community Development to conduct a study on whether a program is needed to assist critical public employees, such as teachers and police, to obtain housing.

Died in Committee

AB 324  
HUGHES

Relocation Assistance: Makes various revisions to state relocation law, to conform to recently revised federal law by expanding benefits, providing procedural protections for displacees and other administrative changes.

Chapter 828, Statutes of 1989

AB 418  
LA FOLLETTE

Fair Employment and Housing: Permits the Department of Fair Employment and Housing to engage in affirmative actions with owners of housing to further the purposes of the Fair Employment and Housing Act.

Chapter 1309, Statutes of 1989

AB 597  
HAUSER

Homeless Persons: Requires the Department of Housing and Community Development to prepare a directory of resources available to aid the homeless.

Vetoed by Governor

AB 617  
FRAZEE

Farmworker Housing in San Diego County: Establishes a new San Diego County Farmworker Housing account within the Office of Migrant Services to assist in development and operation of up to 500 family housing units for year-round

use by farm labor employees in San Diego County. Reappropriates \$500,000 from the Budget Act for that purpose.

Chapter 1351, Statutes of 1989

**AB 727**  
**JONES**

**Housing Funds: Reappropriation:** Extends authority to the Department of Housing and Community Development to adopt emergency regulations for the Rental Housing Construction Program from June 30, 1990 to June 30, 1991 and makes other clarifying changes in the Deferred Payment Rehabilitation Loan Program.

Chapter 229, Statutes of 1990

**AB 795**  
**MOORE**

**Homeless Persons: Statewide Coordinated Intake System:** Establishes the Homeless Coordinated Intake System Program on a statewide basis to provide a case management system for assisting homeless families and individuals.

Died in Committee

**AB 810**  
**COSTA**

**Financing: Seismic Improvements:** Permits the California Housing Finance Agency to finance infrastructure, nonhousing facilities, parks and personal property related to residential structures and permits local seismic improvement programs to finance certain nonstructural costs.

Chapter 756, Statutes of 1989

**AB 1206**  
**HAUSER**

**Residential Hotels:** Revises the definition of residential hotel and residential hotel units to include efficiency units as defined, and authorizes the use of Proposition 84 funds under the Rental Housing Construction and Housing Rehabilitation Loan Programs for these expanded purposes.

Chapter 184, Statutes of 1989

**AB 1274**  
**HAUSER**

**Housing Programs: State Housing Policy:** Defines bonds that are issued according to Propositions 77 and 84 as being tax exempt under state and federal law, or tax exempt under state law and taxable under federal law. Also, requires the Legislative Analyst to submit a report by July 1, 1991 on alternative methodologies for determining whether a locality is making substantial progress toward implementing its housing elements.

Chapter 1193, Statutes of 1989

**AB 1277**  
**HAUSER**

**California Housing Finance Agency (CHFA):** Increases the bond authorization of the CHFA by \$450 million.

Vetoed by Governor

AB 1288  
HAUSER

Housing: First-Time Homebuyers: Authorizes housing entities to make a specific type of loan for first-time homebuyers. Also, requires the California Housing Finance Agency to study the feasibility of insuring Reverse Annuity Mortgages.

Vetoed by Governor

AB 1296  
FILANTE

Housing Programs: Proposition 77 and 84: Permits the Department of Housing and Community Development to adopt emergency regulations to implement certain housing programs funded by Propositions 77 and also revises and clarifies certain provisions of the owner-occupied component of the Housing Rehabilitation Program and the Home Purchase Assistance Program.

Chapter 1103, Statutes of 1989

AB 1297  
FILANTE

California Housing Trust Fund: Extends the annual \$20 million allocation from tideland oil revenue to the California Housing Trust Fund through the 1991-92 fiscal year.

Died in Committee

AB 1429  
FRAZEE

Housing: Senior Citizen Restrictions: Permits specified housing developments to be used as senior citizen housing until January 1, 1990 without being designed to meet the physical and social needs of seniors if they meet certain criteria.

Chapter 501, Statutes of 1989

AB 2208  
CAMPBELL

Housing Discrimination: Prohibits owners of housing accommodations from discriminating against noncitizens.

Vetoed by Governor

AB 2236  
COSTA

General Plan: Housing Element: Housing Projects: Prohibits local government, with certain exceptions, from disapproving a low and moderate income housing development, or conditioning it in such a way that it renders the project infeasible, unless it makes specified findings.

Died on Inactive File

AB 2755  
AREIAS

Reverse Mortgage Loans: Authorizes the California Housing Finance Agency to establish a reverse mortgage insurance program and requires third party counseling of every homeowner prior to submitting a loan application.

Vetoed by Governor



**AB 3263**  
**FILANTE**

**Housing: Deferred Payment Rehabilitation Loans:** Extends the sunset on provisions permitting the Department of Housing and Community Development to operate specified programs in a consolidated fashion to December 31, 1992 and permits the Department to use specified funds for the operation of certain nonmigrant farm worker housing on a year round basis.

Chapter 1509, Statutes of 1990

**AB 3565**  
**HAUSER**

**Senior Housing:** Requires the California Housing Finance Agency to submit a report on implementation of the Davis-Garamendi Senior Citizens Housing Assistance Act of 1986 to the Legislature by July 1, 1991.

Vetoed by Governor

**AB 3566**  
**HAUSER**

**Housing: Loan and Bond Insurance:** Establishes the California Housing Insurance Fund separate from the California Housing Finance Agency with an independent board and administrative staff to provide bond and loan insurance.

Died in Committee

**AB 4125**  
**HUGHES**

**Housing: Affordable Housing Costs:** Changes the definition of affordable housing costs for homeowners and affordable rents for renters used in various housing programs.

Died in Committee

**AB 4236**  
**NOLAN**

**Mortgage Revenue Bonds:** Requires the California Debt Limit Allocation Committee to reserve \$975 million of the state limit for the California Housing Finance Agency (CHFA) and increases the mortgage revenue bond cap for CHFA by \$900 million.

Chapter 574, Statutes of 1990

**ACR 146**  
**CLUTE**

**Housing Fees:** Requires the Department of Housing and Community Development to study the impact of developer fees on housing affordability, especially on mobilehomes.

Chapter 865, Statutes of 1990

### III. LOCAL HOUSING PROGRAMS

Local government shoulders the primary responsibility for ensuring an adequate and appropriate supply of housing for all economic segments of its community. State law requires cities and counties to adopt a housing element as part of its general plan. The housing element must include an analysis of the housing needs of the community and a five year program for meeting those needs.

The Legislature has given local government a variety of powers to use to meet its housing needs. The most frequently used powers are those delegated to a local housing authority and a local redevelopment agency, as well as the authority to issue tax exempt bonds for housing.

For fiscal year 1987-88, the Department of Housing and Community Development reported that the ending balance of all Low and Moderate Income Housing Funds maintained by redevelopment agencies in the state totaled over \$232 million; redevelopment agencies reported expenditures from these funds totaling \$164.7 million, more than twice the amount reported the prior fiscal year. Total funds available for use (i.e. uncommitted for any use) at the end of the fiscal year exceeded \$170 million. It is estimated that the amounts reported have grown tremendously since that reporting period and continue to represent a major source of revenue for local housing programs.

In 1989 local government issued over \$467 million in private activity bonds for multifamily rental housing, constituting 33% of the State's private activity bond cap for that year. Local governments also were allocated over \$329 million in single family housing bond authority (including \$146 million for mortgage credit certificates), constituting 23% of the State's cap.

A major impediment for many cities and counties to the development of low and moderate income rental housing has been a provision contained in Article 34 of the State Constitution which requires a vote of the public before the state or local public agency "develops, constructs, or acquires" a low-rent housing project. Although it does not apply to private sponsors developing low rent housing with federal or private financing, it does apply to projects sponsored by a housing authority or redevelopment agency and to projects involving the California Housing Finance Agency or the Department of Housing and Community Development.

In December 1988, the California Supreme Court ruled in the Davis vs. City of Berkeley decision that Article 34 requires voter approval of specific housing projects. It further indicated that it was the Legislature's responsibility, not the Court's, to set standards for future ballot measures. With this decision, the Court effectively invalidated 38 years of precedent regarding the use of blanket authority for low rent housing developments authorized by Article 34 elections. The Court subsequently decided to rehear the case and in August 1990 reissued its decision, reversing the entire thrust of its earlier 1988 opinion.

According to a recent survey, almost one quarter of all California's cities and counties are producing no low income housing and only 11% have produced 100% or more of their regional share of low income housing. From a statewide perspective, only 16% of the state's low income housing goals have been reached during the most recent housing element cycles though December 31, 1989.

During the 1989-90 Legislative Session, the Legislature passed a number of bills expanding or otherwise modifying local government's authority to operate local housing programs and address its low and moderate income housing need identified in the housing element. Included are bills relating the use of a redevelopment agency's Low and Moderate Income Housing Fund (AB 1259 and AB 2080); Article 34 (SB 1045 & AB 1483); and multifamily and single family bond programs (SB 1352, SB 2144 and AB 1998).

Following are the major bills considered by the Legislature during 1989-90 Session pertaining to local housing programs:

**SB 1045**            Low-Rent Housing: Article 34: Assists local governments  
**L. GREENE**            to complete low rent housing projects in the development  
                         pipeline which have been hampered in proceeding because  
                         of the Davis v. City of Berkeley Supreme Court decisions  
                         relating to Article 34 of the State Constitution.

Vetoed by Governor

**SB 1046**            Low-Rent Housing: Article 34: Establishes standards for  
**L. GREENE**            Article 34 elections meeting the requirements of the  
                         Davis vs. City of Berkeley decision and expands the types  
                         of living accommodations not considered "low-rent housing  
                         projects" under Article 34.

Died in Committee

**SB 1291**            Low-rent Housing: Article 34: State Housing Assistance  
**SEYMOUR**            Programs: Requires completion of low rent housing projects  
                         with a financial commitment notwithstanding the Davis vs.  
                         City of Berkeley decision, establishes standards for  
                         Article 34 elections and establishes the Housing Fund  
                         Committee to determine eligibility of counties and cities  
                         for housing assistance.

Died in Committee

**SB 1352**            Redevelopment: Changes the definition of affordable  
**ALQUIST**            housing costs for homeowners and affordable rents for  
                         renters used in various housing programs.

Chapter 1523, Statutes of 1990

SB 2144  
DILLS

Local Housing Purchase Program: Authorizes the City of Gardena to establish a first-time homebuyer assistance program financed from local revenue bond proceeds.

Chapter 1297, Statutes of 1990

SB 2716  
MARKS

Shared Appreciation Mortgages: Defines a shared appreciation mortgage made or acquired with the assets of a housing agency of a city and county.

Chapter 1606, Statutes of 1990

AB 1235  
HAUSER

Housing Authorities: Contractor's Payment Bonds: Permits a housing authority to require a 20% cash escrow or a 25% irrevocable letter of credit in lieu of the contractor's payment bond for work undertaken pursuant to specified programs.

Chapter 39, Statutes of 1990

AB 1254  
HAUSER

Local Housing Assistance: Shared Appreciation: Requires local public agencies that provide assistance for owner-occupied housing to make shared appreciation loans and grants for the purpose of funding local housing trust funds with revenue received upon sale or transfer of the units. Authorizes public agencies providing similar assistance for rental housing to make shared appreciation loans and grants in the same manner as specified for owner-occupied housing.

Vetoed by Governor

AB 1259  
HAUSER

Redevelopment agencies: Makes several changes in law relating to the use of the 20% set aside of tax increment financing for low and moderate income housing by redevelopment agencies.

Chapter 31, Statutes of 1990

AB 1269  
HAUSER

Local Housing Assistance: Shared Appreciation: Authorizes local public agencies that provide assistance for development or rehabilitation of owner-occupied or rental housing to administer shared appreciation mortgages upon sale or transfer of the units. Requires deposit of funds in a local Housing Trust Fund to assist low or moderate income households.

Died on Inactive File

AB 1483  
HAUSER

Low-rent Housing: Article 34: Specifies the information that shall be provided in ballot language identifying a

low rent housing project or projects for an Article 34 election.

Vetoed by Governor

**AB 1511**  
**HAUSER**

**Low-Rent Housing:** Establishes ballot requirement for Article 34 elections on low rent housing projects.

Died on Inactive File

**AB 1998**  
**LEMPERT**

**Counties and Cities: Qualified Mortgage Bonds and Certificates:** Authorizes a local government under certain conditions to assign to an eligible issuer all or part of its Qualified Mortgage Bond Allocation to be used as Mortgage Credit Certificates. Also, deletes the sunset date on legislative declarations regarding a housing infrastructure incentive policy.

Chapter 1069, Statutes of 1989

**AB 2080**  
**M. WATERS**

**Housing: Redevelopment:** Makes changes in law relating to the use of 20% low and moderate income housing tax increment set aside including requiring a housing element to plan for the use of these monies and requiring that 75% of replacement units after September 1, 1989 be affordable to the same income levels as those persons that were displaced.

Chapter 1140, Statutes of 1989

**AB 2085**  
**M. WATERS**

**Housing Authority:** Prohibits housing authorities from selling, leasing or disposing of certain housing without the housing authority governing body making specified findings.

Vetoed by Governor

**AB 3491**  
**ROOS**

**Substandard Housing: Security for Loans:** Prohibits the making of loans on substandard property for which a notice of violation has been recorded, but repairs not conducted, unless certain conditions are met including use of loan proceeds to repair the property.

Vetoed by Governor

**AB 3529**  
**CHACON**

**Housing: Second Units:** Increases the maximum allowable square footage for second units and granny flat from 15% of the total floor area of an attached unit and 640 square feet for a detached unit to 30% and 1200 square feet, respectively.

Chapter 1150, Statutes of 1990

AB 3682  
HAUSER

Housing: Local Financing Agencies: Establishes the conditions under which local housing finance agencies can issue taxable bonds and use the proceeds to finance home mortgage loans for first time homebuyers.

Died on Inactive File

#### IV. HOUSING PRESERVATION

During the period from 1983 to 1987, California lost nearly 2,000 units of low income rental housing due to the termination of federal subsidy contracts or use restrictions by owners who desired to convert their properties to market rates. This phenomena arose from the establishment of various low and moderate income housing programs by the U.S. Department of Housing and Urban Development (HUD) and the Farmers Home Administration (FmHA) during the 1960's and 1970's. These programs offered mortgage assistance and/or rent assistance to private for-profit and nonprofit developers in exchange for their agreement to limit rents for the period of the loan or other specified time. As an incentive to participate in these programs, the owners were allowed to opt out at some future date, generally 20 years hence, and convert the project to market rate.

Although a problem of national significance, California has been especially affected because of the substantial rent increases that have occurred in both urban and rural high growth areas. Property owners are anxious to capture the increased property values and/or increased market rents, much to the detriment of the low and moderate income tenants who cannot afford the 200% plus rent increases that follow.

In California it is estimated that approximately 117,000 HUD rental housing units could be converted to market rates by the year 2008, with the bulk of the units becoming eligible during the period 1990 to 1994. Approximately 41% of these units are occupied by elderly tenants.

The impending crisis was of such devastating dimensions that Congress passed the 1987 Emergency Low Income Housing Preservation Act requiring HUD approval of mortgage prepayments. Operating as a virtual moratorium during the past several years, the federal act was scheduled to expire September 30, 1990. Follow-up legislation will be decided by a Conference Committee as this report goes to press.

At the State level, Senator Leroy Greene, Chairman of the Committee on Housing and Urban Affairs, convened a Working Group on Housing Preservation during the Fall of 1986 and in each subsequent year thereafter, for the purpose of recommending a legislative strategy for the California Legislature. In 1987 and 1988 legislation was passed requiring owners of subsidized housing to give tenants and local government six months notice prior to converting the project to a non low income use. The Legislature also created the California Housing Partnership, a statewide nonprofit corporation charged primarily with preserving the State's low income housing stock. Further, it established a priority in the allocation of low income housing tax credits for projects that would preserve the existing subsidized housing stock.

During the 1989-90 Legislative Session, the Legislature passed a number of bills addressing important preservation issues including: expanding tenant notification from six months to one year (SB 1913);

requiring right of first refusal to non profits and other eligible entities one year prior to sale (SB 1908); providing financing (SB 2456 and AB 3277); providing tax incentives (SB 1286 and SB 1396); establishing anti-displacement controls for tax exempt bond programs (SB 2012); and establishing local planning requirements (SB 1282).

Following are the major bills considered by the Legislature during 1989-90 Session pertaining to housing preservation:

**SB 1028**      Housing Preservation: Notification: Strengthens the  
**PETRIS**           existing state notification statute and conforms it to federal law by requiring 1 year advance notice to affected tenants, local government and housing officials of an anticipated termination of subsidies for a federal, state or locally assisted rental development. Requires the Department of Housing and Community Development to provide written information on at-risk developments, tenants' rights and referrals for legal and technical assistance.

Vetoed by Governor

**SB 1235**      Housing Preservation: Redevelopment Plans: Authorizes  
**L. GREENE**       tax increment funds required to be set aside by redevelopment agencies for low and moderate income housing to be used for preservation of existing at-risk developments and requires those units to remain affordable for the longest feasible time.

Chapter 881, Statutes of 1989

**SB 1282**      Housing Preservation: Housing Element: Requires that  
**SEYMOUR**       localities estimate the potential conversion of their subsidized housing stock to market rents in determining their housing needs, and identify local strategies to confront the problem.

Chapter 1451, Statutes of 1989

**SB 1286**      Taxation of Low Income Housing: Provides for nonrecogni-  
**SEYMOUR**       tion of capital gain on a subsidized housing project that is sold to a tenant association, nonprofit or public agency which agrees to maintain it for low income occupancy, if the gain is reinvested in residential real estate within two years.

Chapter 1436, Statutes of 1990

**SB 1396**      Housing Preservation: Tax Incentives and Disincentives:  
**KOPP**           Prohibits tax deferred exchanges for an assisted housing development that is being sold for the purpose of changing it to non-low-income use. Also, repeals the January 1, 1990 sunset date for the provision that grants 50% nonrecognition of capital gain to owners of at-risk developments who sell to a nonprofit, public agency or



other entity that agrees to preserve the affordability of the project.

Vetoed by the Governor

**SB 1526**  
**MELLO**

**Housing Preservation: Right of First Refusal:** Requires an owner of federally assisted rental housing who intends to terminate the subsidies to first offer the housing for sale to a qualified tenant association, nonprofit organization or public agency at least one year prior to the anticipated date of sale.

Vetoed by Governor

**SB 1908**  
**MELLO**

**Right of First Refusal:** Requires an owner of subsidized housing to give nonprofits and public agencies the right of first refusal to purchase the development once the owner gives notice of his intent to sell.

Chapter 1437, Statutes of 1990

**SB 1913**  
**PETRIS**

**One Year Notice:** Extends from six months to one year the time period for giving notice to tenants residing in a subsidized housing development that the owner intends to sell.

Chapter 1438, Statutes of 1990

**SB 2012**  
**L. GREENE**

**Multifamily Housing Bonds/Redevelopment:** Requires that multifamily housing financed from tax exempt bonds issued by a city, county, housing authority, redevelopment or state agency remain affordable for a period of the term of the bond or 15 years, whichever is longer and establishes anti-displacement provisions for years 16-30 if the project is converted to market rate. Also, removes the sunset date authorizing redevelopment agencies in the State's largest jurisdictions to provide financing for multifamily rental construction outside the project area.

Chapter 1440, Statutes of 1990

**AB 1080**  
**COSTA**

**Housing Preservation: Predevelopment Loans:** Clarifies that the State Urban and Rural Predevelopment Loan Programs may be used to cover the costs of inspections, architectural and other front-end costs related to acquisition and preservation of existing subsidized rental housing. Also, expands the programs to provide collateral set-aside letters or other security assurances to local government or institutions.

Vetoed by Governor

AB 1557  
CAMPBELL

Housing Preservation: Relocation Assistance: Extends state relocation law requiring the provision of advisory and compensatory assistance, to tenants displaced as the result of private actions taken by the owners of federally assisted housing to convert the housing to market rates.

Died in Committee

AB 3277  
COSTA

Predevelopment Loans: Authorizes predevelopment loans to be used for costs associated with the preservation (acquisition and/or rehabilitation) of subsidized housing that might otherwise convert to market rents.

Chapter 690, Statutes of 1990

## V. LAND USE AND PLANNING

The cost of residential development has dramatically increased during the past two decades. A number of factors can be attributed to this increase, including higher financing and land costs and certain local land use and planning decisions.

According to the California Statewide Housing Plan, the cost of land as one of the cost components of a new single family home has increased from approximately 11% in 1949, to 29% in 1986. During this same period the cost of financing has more than doubled from 5% to 11%, while labor and materials as a percentage of total cost were reduced from 69% to 53%. The rate of profit and overhead remained relatively constant at about 15% over that period.

State law requires each city and county to adopt a housing element as part of its general plan. The housing element must include an analysis of the housing needs of the community, including an evaluation of the local constraints and obstacles to providing such housing, and a five year program for meeting the identified needs. Jurisdictions that are within a market area must also be responsive to the housing needs of a portion of those households who do not live in the locality but whose housing opportunities are affected by the planning decisions of the locality. Therefore, the needs analysis also must include the jurisdiction's share of the regional housing need.

For example, housing elements should consider the impact of local growth control measures on their ability to meet their housing needs. Direct growth controls limit the number of units constructed, building permits issued or building lots approved. Indirect growth controls restrict housing production in other ways such as open space protection, drinking water and sewage hookup restrictions and lack of necessary public facilities and other infrastructure.

To date, over 300 ordinances or measures have been adopted or approved by the voters to limit or otherwise manage growth. The use of the initiative and referendum to achieve local growth control is not only increasing in frequency, but the range of land use issues addressed by these measures is expanding significantly.

A major issue debated by the Legislature during 1989-90 related to the relationship between housing, jobs and transportation. People are commuting farther and farther distances to their place of employment in order to obtain affordable housing. This imbalance between employment location and affordable housing opportunities has had a direct negative impact on traffic congestion and air pollution. Businesses are also becoming more reluctant to locate or expand their facilities in areas where housing costs are high because of their inability to attract low and moderate income workers who are unable to obtain housing in the area.

Virtually all housing developments and programs require approval by local elected or appointed officials. Construction of new units

generally require environmental reviews, site and development reviews, planning and zoning reviews, and building code reviews. Although local government can use this authority to facilitate and encourage the development of low and moderate income housing, a number of jurisdictions continue to use these powers to thwart the production of affordable housing, often called the NIMBY or "Not in my backyard" syndrome.

During the 1989-90 Legislative Session, the Legislature passed a number of bills relating to local housing elements (SB 2274); jobs/housing balance (SB 727 and AB 2932); and local authority to approve and encourage low and moderate income housing (SB 2011).

Following are the major bills considered by the Legislature during the 1989-90 Session:

**SB 12**                    **Solid Waste Disposal Facilities:** Prohibits local approval  
**ROBBINS**                of a land use permit within the San Fernando Valley for residential development, hospital, school or day care center to be located within 2000 feet of a solid waste disposal facility, with specified exceptions.

Died in Committee

**SB 333**                    **Subdivisions: Vesting Tentative Maps:** Prohibits local  
**MONTOYA**                ordinances from requiring more information for a vesting tentative map that related to an ordinance, resolution, policy or standard for the subdivision, except where necessary under CEQA or to comply with state or federal requirements.

Chapter 717, Statutes of 1989

**SB 581**                    **Subdivisions: Surveys:** Clarifies that certain surveys  
**C. GREEN**                and maps prepared pursuant to the Subdivision Map Act also must conform to the Professional Land Surveyors' Act.

Died in Committee

**SB 727**                    **Housing Element:** Requires analysis on jobs/housing  
**L. GREENE**                balance including projected population, job growth and housing need for all income levels and an inventory of land designated for business and industry use and housing use be included in the housing element.

Vetoed by Governor

**SB 743**                    **Subdivided Land: Public Reports:** Makes it unlawful for  
**SEYMOUR**                a person to make, issue, deliver or transfer as true and genuine a public report which is knowingly forged, altered, falsified or counterfeit.

Chapter 296, Statutes of 1989

**SB 966**  
**BERGESON**

Local Planning: Housing: Makes numerous changes to housing element law and gives preference in the allocation of bond funds for state sewer or water system expansion projects to cities and counties which have made substantial progress in meeting their share of regional housing need.

Vetoed by Governor

**SB 1279**  
**SEYMOUR**

Housing: Developer Fees: Prohibits a city or county from expending unencumbered developer fees if it is not in compliance with its housing element.

Died in Committee

**SB 1435**  
**SEYMOUR**

Highways, Bridges: Development Fees: Authorizes, under certain conditions, the resolution of a city within the County of Orange, or the county itself, which is a party to a joint powers agreement, to be modified by the joint powers agency, if the resolution relates to the establishment of a development fee for construction of major thoroughfares or bridges, including roads.

Chapter 1566, Statutes of 1990

**SB 1436**  
**SEYMOUR**

Highways, Toll Revenues: Permits toll revenues collected by one joint powers agency to be used to make subordinated loans to another joint powers agency for the purpose of designing, financing and constructing coordinated and interrelated thoroughfares in the County of Orange and within its respective cities.

Chapter 1565, Statutes of 1990

**SB 1437**  
**SEYMOUR**

Highways, Bridges: Development Fees: Specifies that fees imposed as a condition of final map approval for the purpose of construction of major bridges and thoroughfares in Orange County may be used to defray, and may include a charge for, financing costs.

Chapter 1567, Statutes of 1990

**SB 1533**  
**L. GREENE**

Housing: School Facility Fees: Specifies that the subject matter of school developer fees exclusively occupied by state law includes provisions of a general plan, zoning ordinance or other local legislation that would authorize the denial of a project or imposition of a fee as a condition of approval based on the adequacy of school facilities.

Died on Inactive File

**SB 2011**  
**L. GREENE**

Housing Development Approvals: Prohibits local government from disapproving a low and moderate income housing

project or from conditioning it in such a way as to render it unaffordable, unless the local government makes specified findings relating to a locality's progress in meeting its share of the regional housing need; adverse impacts of the project on public health and safety; pre-emptive state or federal laws; neighborhood impaction; development on agricultural land; and inconsistency with the general plan.

Chapter 1439, Statutes of 1990

SB 2161  
LEONARD

**Subdivisions: Department of Water Resources:** Permits the Department of Water Resources to file with a legislative body of a local agency, a map of a certain territory if the Department believes a proposed subdivision would have an effect upon existing state water project facilities.

Chapter 243, Statutes of 1990

SB 2274  
BERGESON

**Housing Element:** Revises housing element law including determination and allocation of regional housing needs, requiring annual report on progress made in meeting a locality's share of regional housing need and requiring the housing element review process to include specific findings regarding compliance.

Chapter 1441, Statutes of 1990

SB 2438  
ROSENTHAL

**Subdivided Lands:** Reduces the number of owners of undivided interests in land that qualify to claim an exemption from the definition of "subdivided lands" which frees them from filing and issuing public reports.

Died in Committee

AB 1162  
POLANCO

**Out-of-State Subdivisions:** Makes, with specified exceptions, the Out-of-State Land Promotions Law requiring property appraisals inapplicable to out-of-state urban accessible subdivisions, and provides other specified procedures for the application for processing, issuance, or denial of permits for these types of subdivisions.

Chapter 1092, Statutes of 1990

AB 1654  
COSTA

**Land Use: Dedications:** Requires local governments to give back property dedicated for a specific public purpose to the entity making the dedication if the local government does not use the property for the dedicated purpose or for public utilities.

Chapter 822, Statutes of 1989

**AB 1661**            **Building Permits:** Repeals the sunset on existing law  
**COSTA**                    specifying a building permit is valid when issued prior  
to a vote for incorporation. Also, prohibits Los  
Angeles County from issuing building permits for the  
newly incorporated City of Malibu after specified dates.

Vetoed by Governor

**AB 1863**            **Density Bonuses:** Revises the density bonus law to apply  
**HAUSER**                    only to the development of lower income units,  
establishes maximum rent schedules and minimum terms of  
affordability, and makes other various changes.

Chapter 842, Statutes of 1989

**AB 1963**            **Subdivisions: Public Improvements:** Increases the amount  
**CORTESE**                    a subdivider must expend for public improvements to  
qualify for an extension of the tentative map.

Chapter 1268, Statutes of 1989

**AB 1970**            **Subdivisions:** Repeals the sunset to the Permit  
**CORTESE**                    Streamling Act and makes various other technical and  
miscellaneous changes to the Subdivision Map Act.

Chapter 847, Statutes of 1989

**AB 2791**            **Demolition Permits:** Adds local filing requirements for  
**SPEIER**                    applicants seeking demolition permits for structures  
containing asbestos with certain exceptions.

Chapter 418, Statutes of 1990

**AB 2932**            **Land Use: Jobs and Housing:** Requires the Department of  
**EASTIN**                    Housing and Community Development to prepare a Jobs/  
Housing Balance Guidebook for use by certain public and  
private entities in planning and development of housing  
needed to meet employment growth.

Chapter 843, Statutes of 1990

**AB 3107**            **Subdivision Maps: Filing With Recorder:** Makes technical  
**FARR**                    and clarifying amendments to the Subdivision Map Act.

Chapter 1001, Statutes of 1990

**AB 3540**            **Rent Control/Housing Elements:** Requires a city or  
**HAUSER**                    county with limits on residential rent to include as  
part of its housing element an analysis of the impact of  
such limits on the development, maintenance and  
improvement of rental housing.

Held without recommendation            Not Set

AB 3541  
HAUSER

Housing Elements: Biennial Reporting: Requires a biennial report regarding compliance of cities and counties with provisions of their housing elements.

Died in Committee



## VI. COMMON INTEREST DEVELOPMENTS

The Common Interest Development Act of 1985 sets out the operations and procedures to be followed by an association in managing a common interest development. Common interest developments consist of condominiums, planned developments, stock cooperatives and community apartment projects.

Common interest developments now represent a significant portion of the total housing stock in California. It is estimated that there are between 13,000 and 16,000 common interest development associations in California. A survey prepared for the Department of Real Estate in 1987 indicates that common interest developments are found in all price ranges and in developments of single family detached dwellings, townhouses and apartment buildings. The median size is 43 units and more than 30% of the units are rented. Forty-four percent of the associations are self-managing, 40% have an off-site management company and 16% have an on-site manager. Specific problem areas concern conflicts between homeowners' associations and developers, internal conflicts among homeowners, associations and managers and relations with absent owners who rent units to tenants.

Most of the legislation passed this session of the Legislature relates to homeowner and association concerns such as: the qualification of managers (SB 573); the content of management contracts (AB 1876); the deposit of money by managers (SB 2181); and procedures for adopting budgets and assessments (AB 3689).

The following bills relating to common interest developments were considered by the Legislature during the 1989-90 Session:

- SB 573**            Managing Agents: Requires a prospective managing agent  
**BERGESON**            of a common interest development to submit a written  
statement containing specified information about the  
agent's qualifications to the Board of Directors.  
  
Chapter 709, Statutes of 1989
- SB 777**            Common Interest Development: Redefines a common interest  
**STIRLING**            development to mean a community apartment project, a  
condominium project, a planned development or a stock  
cooperative.  
  
Chapter 1150, Statutes of 1989
- SB 2022**            Common Interest Developments: Disclosures: Makes clean  
**DOOLITTLE**            up changes to the Subdivided Lands Law by deleting a  
reference to "real estate development" and in its place  
inserting "common interest development".  
  
Chapter 114, Statutes of 1990

SB 2181  
L. GREENE

Common Interest Development: Specifies how funds belonging to a common interest association shall be managed by its managing agent such as requiring all funds to be deposited in a trust fund account.

Chapter 1483, Statutes of 1990

AB 1876  
HAUSER

Management Agreements: Requires management agreements for common interest developments to be in writing and to contain certain provisions relating to termination of the contract.

Vetoed by Governor

AB 1878  
HAUSER

Community Association: Specifies that the association of a common interest development may be referred to as a community association.

Chapter 571, Statutes of 1989

AB 2438  
FERGUSON

Common Interest Developments: Financial Affairs: Makes clarifying changes in law relating to the operating budget and financial statement which are required to be prepared for association members by the association administering a common interest development.

Chapter 716, Statutes of 1990

AB 3689  
HAUSER

Homeowners' Associations: Assessments: Requires the board of directors of a common interest development association to publish and distribute the budget prior to raising the annual assessment and requests recommendation on standards relating to reasonable restrictions on solar energy systems.

Chapter 1517, Statutes of 1990

## VII. MANUFACTURED HOUSING

It is estimated that there are nearly 490,000 mobilehomes in California, housing approximately 870,000 people. Although the number of mobilehomes as a percentage of the State's housing stock increased from 2.8% in 1970 to 4.2% in 1980, it has virtually leveled off during the past decade representing 4.4% of the State's housing stock in 1989. From 1984 to 1989 there were approximately 12,000 mobilehomes produced each year. This was a significant decrease from the production levels of 23,000 to 33,000 experienced in the 1970's.

In 1988 legislation was passed requiring local government to allow the placement of manufactured housing on permanent foundations on any lot zoned for single-family housing (Chapter 1571, SB 2827-L. Greene). Since enactment of that law, the percentage of manufactured homes produced which were placed on permanent foundations has steadily increased from 14% in 1984 to 19% in 1989.

The number of mobilehome parks has decreased slightly since 1980 from 5,850 to 5,818; however, the total number of spaces has increased by nearly 10% from 414,981 to 452,384. This change is partly the result of smaller, older parks being closed and converted to other uses such as commercial or office development. Also, due to the complexity of park development, including the local planning and permitting process and the expense associated with these processes, only larger parks (200-300 spaces) are now being developed. This trend has resulted in a loss of some of the most affordable parks, although most mobilehome parks still provide an affordable housing alternative to more expensive conventional housing, particularly for the elderly and the first time homebuyer family.

Two major disincentives to the development of new parks are the threat or actual enactment of local rent control policies or ordinances and the restrictive zoning policies of a locality. It is estimated that over one-third of all mobilehome spaces are subject to some form of local rent control.

Increased space rents and park closures can have a significant affect upon existing park residents, especially those with fixed or low incomes. Many mobilehome owners have their life savings represented in the equity of their mobilehomes. If space rents increase to the extent that the homeowner can no longer afford to live in the park, or if the park is closed down forcing the owner to move, the value of their home may dramatically drop simply because there is no where else to locate. Additionally, the cost of moving the mobilehome or the age and condition of the unit can make the move infeasible, resulting in a total loss to the homeowner.

One solution to increased space rents which is gaining popularity, other than the enactment of local rent control, is tenant ownership of the park. It is estimated that currently there are approximately 130

parks in the State that have been converted to resident ownership, either as condominiums or cooperatives or that have been developed for tenant ownership.

Mobilehome park conversion was the subject of a number of bills during the 1989-90 Legislative Session, including measures that addressed simplifying the conversion process (AB 416, AB 929, AB 2651 and AB 2954): conversion financing (SB 2007 and AB 3123); and tenant protection (AB 486, AB 2944 and AB 3332). The Legislature also dealt with another important issue relating to mandatory mobilehome park inspections by passing AB 925.

The following measures relating to manufactured housing and mobilehome parks were considered by the Legislature during the 1989-90 Session:

**SB 81**                    **Mobilehome Ombudsman:** Deletes the sunset date for the  
**CRAVEN**                    Mobilehome Ombudsman and revises the duties relating to  
the provision of legal advice or mobilehome park rent  
disputes.

Chapter 189, Statutes of 1989

**SB 175**                    **Mobilehome Parks: Homeowner Meetings:** Sets forth the  
**CRAVEN**                    specific rights and responsibilities of mobilehome home-  
owners, park owners and management regarding meetings and  
other communications that occur within a park.

Chapter 198, Statutes of 1989

**SB 399**                    **Mobilehome Parks: Relocation:** Defines "reasonable costs of  
**CRAVEN**                    relocation" that a local agency may require a mobilehome  
park owner to pay a displaced park resident upon  
conversion or closure of mobilehome park or cessation of  
use of land for that purpose.

Vetoed by Governor

**SB 401**                    **Mobilehomes: Rental Agreements:** Extends certain long term  
**CAMPBELL**                    rental agreement protections available to mobilehome park  
homeowners to prospective homeowners, with the exception  
of the ability to reject a long term rental agreement and,  
instead, obtain an agreement of 12 months or less.

Died in Committee

**SB 440**                    **Mobilehomes: Third Party Inspections:** Deletes the January  
**CRAVEN**                    1, 1990 sunset date for provisions authorizing third party  
entities to perform inspection services for manufactured  
housing manufacturing facilities. Also, makes permissive  
the requirement that the Department of Housing and  
Community Development rotate third party inspectors.

Chapter 1278, Statutes of 1989

**SB 495**  
**CRAVEN**

**Mobilehome Residency Law: Age Restrictions:** Waives the requirement for a park owner to give mobilehome residents a six month notice prior to changing a rule or regulation relative to age restrictions, if the change is needed to comply with the Federal Fair Housing Amendments Act.

Died in Committee

**SB 1111**  
**CRAVEN**

**Mobilehome Parks:** Defines "mobilehome park" to include areas or tracts of land that were formerly held out for rent or lease and later converted to a subdivision, cooperative, condominium or other form of resident ownership, to accommodate manufactured homes or mobilehomes.

Chapter 721, Statutes of 1989

**SB 1827**  
**CRAVEN**

**Mobilehome Fees:** Restores the statutory authority for the assessment of license fees and specified late penalties upon manufactured homes, mobilehomes and commercial coaches that were originally registered out-of-state; redefines "mobilehome park"; and authorizes Department of Housing and Community Development certification of third parties to inspect mobilehome park plans.

Chapter 812, Statutes of 1990

**SB 2007**  
**CRAVEN**

**Mobilehome Parks: Tenant Purchase:** Revises the definition of "resident organization" with respect to the Mobilehome Park Purchase Fund. Also, permits a veteran to obtain a home purchase loan to purchase a space or share in a mobilehome rental park that is converting to resident ownership.

Chapter 1270, Statutes of 1990

**SB 2010**  
**L. GREENE**

**Mobilehome Parks: Rent Control:** Exempts mobilehome park owners from paying administration fees under local rent control ordinances for any park spaces which are exempted from the controls. Also, allows park management to separately state utility fees and charges which shall not be deemed to be rent for the purpose of calculating rent increases.

Chapter 1013, Statutes of 1990

**SB 2340**  
**KOPP**

**Sale of Mobilehomes in a Mobilehome Park:** Requires mobilehome park management to accept or reject an application for tenancy from a prospective purchaser of a mobilehome in a park and to notify the seller and purchaser in writing of that decision within 15 days.

Chapter 645, Statutes of 1990

SB 2547            Mobilehome Parks: Occupancy by Care Givers: Prohibits the  
KEENE            management of a mobilehome park from charging a fee for  
                 occupancy of a mobilehome by an adult person providing  
                 live-in health care for compensation to a senior homeowner  
                 residing in an adults-only park.

Chapter 881, Statutes of 1990

SB 2558            Housing: Mobilehome Park Rehabilitation: Makes certain  
L. GREENE        mobilehome parks eligible to receive bond financed  
                 rehabilitation loans for infrastructure or utility system  
                 repair.

Chapter 882, Statutes of 1990

SB 2667            Housing Authority: Specifies how a housing authority may  
PRESLEY          acquire mobilehome parks by eminent domain and changes the  
                 low income occupancy requirements for mobilehome park  
                 acquisition by a housing authority.

Died in Committee

SJR 1              Mobilehome Parks: Fair Housing: Memorializes the President  
CRAVEN            and Congress to support and enact urgency legislation to  
                 amend the Federal Fair Housing Amendments Act of 1988, to  
                 clarify the intent about the effect of requirements for  
                 senior facilities and services upon the affordability of  
                 senior mobilehome parks.

Resolution Chapter 176, Statutes of 1989

AB 212             Mobilehome Parks: Pet Policy: Specifies conditions under  
O'CONNELL        which a pet may be kept in a mobilehome park when new  
                 regulations are enacted prohibiting pets.

Chapter 42, Statutes of 1989

AB 416             Subdivision Maps: Mobilehome Parks: Waives the parcel map  
WOODRUFF        or tentative and final map requirements contained in the  
                 Subdivision Map Act for mobilehome parks in which the  
                 tenants seek to purchase the park to convert it to  
                 condominium ownership interests.

Chapter 831, Statutes of 1989

AB 486             Mobilehome Park Conversion: Requires the local  
CLUTE             legislative body, prior to approving the conversion of a  
                 mobilehome park to another use, to consider whether the  
                 conversion is consistent with the housing element of its  
                 general plan.

Vetoed by Governor

**AB 641**            **Mobilehomes: Sale or Transfer:** Requires that escrow, sale  
**QUACKENBUSH**   or transfer agreements for the sale or transfer of a  
mobilehome, which is to remain in a mobilehome park,  
contain a copy of a fully executed rental agreement.

Chapter 119, Statutes 1989

**AB 722**            **Mobilehome Ombudsman:** Deletes the sunset date of the  
**PRINGLE**            Mobilehome Ombudsman and appropriates \$100,000 to pay  
costs of program operations for the last six months of FY  
1989-90.

Chapter 320, Statutes of 1989 Item Vetoed

**AB 925**            **Mobilehome Parks: Citations:** Establishes a procedure for  
**O'CONNELL**        citing violations found by an enforcement agency during an  
inspection of a mobilehome park or individual mobilehome,  
and provides for an informal conference with the enforce-  
ment agency for contesting such citations. Also, requires  
enforcement agencies to inspect all mobilehome parks every  
5 years and increases annual park operating fees to cover  
the inspection costs.

Chapter 1175, Statutes of 1990

**AB 929**            **Mobilehome Parks Conversion:** Revises provisions of law  
**EPPLE**            relating to the use of escrow funds during the conversion  
of a mobilehome park to condominium interests.

Chapter 810, Statutes of 1989

**AB 1165**          **Liquid Propane Butane Sales:** Prohibits mobilehome park  
**N. WATERS**        management from charging mobilehome owners more than 110%  
of the actual price paid by management for liquid propane  
butane under specified conditions.

Vetoed by Governor

**AB 1203**          **Manufactured Housing: Salesperson's License:** Permits the  
**HAUSER**            Department of Housing and Community Development to issue,  
on a one-time basis, a "90 day certificate" valid for 90  
days, to an applicant for an original salesperson's  
license. Also, revises the definition of mobilehome to  
include a structure designed to be used as a dwelling  
unit, dormitory, residential hotel, or efficiency unit.

Chapter 875, Statutes of 1989

AB 1211  
HAUSER

Mobilehomes: Permits the Department of Housing and Community Development to provide bulk information for a fee on registration and title status for manufactured homes, mobilehomes, truck campers and floating homes excluding the names of the registered owners.

Chapter 493, Statutes of 1990

AB 1913  
N. WATERS

Mobilehomes: Security Deposits: Requires the seller, in the event that a mobilehome park is sold, to refund security deposits collected from homeowners prior to January 1, 1989 who have been current in the payment of rent and other charges for the prior twelve months and have agreed upon an extension or renewal of the rental agreement after January 1, 1991.

Vetoed by Governor

AB 1914  
N. WATERS

Mobilehomes Transfers: Provides that following the death of a mobilehome owner, a joint owner or heir of the deceased has certain legal rights with respect to reselling or replacing and reselling the mobilehome, subject to specified conditions.

Chapter 745, Statutes of 1989

AB 2435  
FERGUSON

Mobilehomes: Third Party Inspections: Make numerous substantive and technical changes to the Mobilehome-Manufactured Housing Act, the Mobilehome Parks Act and the Occupational Licensing Law.

Chapter 1144, Statutes of 1989

AB 2651  
EPPLE

Mobilehome Parks/Environmental Quality: Exempts a resident initiated mobilehome park condominium conversion from filing an Environmental Impact Report under specified conditions.

Chapter 272, Statutes of 1989

AB 2944  
CLUTE

Mobilehome Parks: Sales: Extends the notice period required to be given by mobilehome park owners to a resident organization prior to entering into a listing agreement or making an offer to sell the park.

Chapter 421, Statutes of 1990

AB 2954  
PEACE

Mobilehome Park Conversion: Revises certain provisions of the Subdivision Map Act relating to tenant conversion of a mobilehome park.

Chapter 1498, Statutes of 1990



AB 3114  
CHACON

Manufactured Housing and Mobilehomes: Cal-Vet Maximum Purchase Price and Roof Overhangs: Increases, from \$90,000 to \$125,000, the maximum amount the Department of Veterans Affairs may loan for the purchase of certain mobilehomes under its Cal-Vet program. Also, permits local government to require a 16 inch roof overhang for manufactured homes under specified conditions.

Chapter 1223, Statutes of 1990

AB 3123  
PRINGLE

Mobilehome Park Purchases: Makes various changes regarding terms and conditions upon which loans may be made from the Mobilehome Park Purchase Fund to resident organizations and low-income residents for the purpose of converting mobilehome parks to resident ownership.

Chapter 1224, Statutes of 1990

AB 3183  
BADER

Mobilehome Sales: Real Estate Brokers: Deletes the requirement that mobilehomes must be registered for at least one year before a real estate broker may engage in a sales transaction involving such mobilehomes.

Chapter 1689, Statutes of 1990

AB 3259  
PRINGLE

Mobilehomes: Utility Charges: Requires park management to disclose, as specified, to the homeowner if a gas or electric meter located on the homeowner's site includes service for common area facilities or equipment and to either compensate the homeowner or discontinue use of that meter for the common area.

Chapter 380, Statutes of 1990

AB 3327  
LEWIS

Mobilehome Parks: Inspection of Gas Pipeline Distribution Systems: Requires mobilehome park operators with master-metered natural gas distribution systems to annually prepare a report for submission to the Public Utilities Commission, requires the Commission to examine the report and permits the Commission to inspect the system for specified violations.

Chapter 1630, Statutes of 1990

AB 3332  
PEACE

Mobilehomes: Offers to Sell: Requires an owner of a mobilehome park who receives an offer to purchase the park to give the resident organization 10 days to make an offer to purchase the park.

Vetoed by Governor

AB 3385  
FERGUSON

Manufactured Housing: Prohibits, with certain exceptions, cities and counties from requiring roof overhangs

exceeding 16 inches in width on manufactured houses installed on permanent foundations on lots zoned for conventional single-family residential dwellings.

Chapter 426, Statutes 1990

AB 3601  
COSTA

**Recreational Vehicles:** Redefines terms under the Recreational Vehicle Park Occupancy Law and imposes requirement for the display of signs in recreational vehicle parks.

Chapter 1160, Statutes of 1990

AB 4079  
PRINGLE

**Mobilehomes and Manufactured Homes:** Makes several clean up changes in the Mobilehome-Manufactured Housing Act.

Chapter 765, Statutes of 1990

AB 4157  
N. WATERS

**Escrow Agents:** Requires the Department of Housing and Community Development in administering the Mobilehome-Manufactured Housing Act to notify any concerned governmental agency if through investigation it determines that an escrow agent has engaged in loan fraud or other specified acts.

Chapter 865, Statutes of 1990

## VIII. BUILDING STANDARDS

The Department of Housing and Community Development (HCD) is responsible for the development of codes and standards relating to the State Housing Law, Earthquake Protection Law and the Employee Housing Act. The Office of the State Architect is responsible for the development of building regulations relating to schools, handicapped access and the State Historical Building Code. The California Energy Commission is responsible for the development of energy conservation standards for new residential development. Any building standard adopted by a state agency must be submitted to, and approved by, the State Building Standards Commission prior to codification.

The Department of Housing and Community Development is required to adopt by reference building standards which impose substantially the same requirements contained in the most recent editions of the uniform industry codes. When approved by the State Building Standards Commission, the standards become operative 180 days after publication in the California Building Standards Code unless a city or county adopts specific changes. Cities and counties may make changes in the state code which they find are reasonably necessary because of local climatic, geological or topographical conditions.

HCD also is responsible for enforcing the revisions of the State Housing Law and the Employee Housing Act, except where the local government has elected to enforce these provisions of law. State Housing Law seeks to bring about uniformity through the adoption of nationally recognized codes and standards, the promotion of statewide uniformity in code enforcement and interpretation and the prevention of health and safety hazards arising from inadequate construction and maintenance. The Employee Housing Act governs the physical condition of any employer housing and labor camps throughout the State.

Legislation was passed this session to enhance public health and safety such as permitting local governments to adopt roof covering requirements more restrictive than those adopted by the State Fire Marshal (SB 651); permitting local governments and fire protection districts to adopt building standards relating to fire and panic safety that are more restrictive than those adopted by the State Fire Marshal (SB 1830); requiring fire safety standards for buildings housing nonambulatory persons (AB 1989); and establishing safety requirements for automatic garage door openers (AB 3600).

The following measures relating to building standards were considered by the Legislature during the 1989-90 Session:

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<b>SB 122</b> <b>L. GREENE</b>	<b><u>Essential Services Buildings:</u></b> Specifies that, with respect to essential services buildings, local enforcement agencies must comply with locally adopted model codes and the Office of the State Architect must comply with State Building Standards Code.
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Chapter 72, Statutes of 1990

SB 323  
TORRES

Existing High-rise Structures: Fire Protection: Requires all existing high-rise structures, to contain approved automatic fire extinguishing systems no later than January 1, 1999. Provides certain exemptions for the use of less restrictive standards for specified residential high rise structures.

Died on Inactive File

SB 364  
DAVIS

Indoor Air Pollution: Radon Detection: Permits the State Department of Health Services to incorporate certain federal standards into any radon assessment standard and plan, unless the Department of Housing and Community Development HCD adopts radon mitigation building standards, which shall prevail.

Chapter 1293, Statutes of 1989

SB 651  
WATSON

Roofs: Permits local governments to adopt standards for roof coverings that are more stringent than those adopted by the state fire marshal which are necessary because of local climatic, geological or topographical conditions.

Vetoed by Governor

SB 691  
ALQUIST

Building Standards: Requires the State Building Standards Commission to conduct a study regarding the feasibility of establishing within state government a single agency to formulate and administer building standards and regulations.

Vetoed by Governor

SB 772  
L. GREENE

Asbestos: Makes Legislative findings regarding asbestos containing materials in state-owned buildings and requires the General Services Director to establish an asbestos operation and maintenance plan for state-owned buildings.

Died in Committee

SB 1520  
PRESLEY

Water Conservation: Excludes from gross income rebates from a local water agency for installing specified water conservation water closets or urinals.

Chapter 809, Statutes of 1990

SB 1830  
C. GREENE

Building Standards: Fire Protection Districts: Permits cities, counties and fire protection districts upon ratification by the local government to adopt more

stringent requirements relating to fire and panic safety than those contained in the California Building Standards Code based on local climatic, geological or topographical conditions.

Chapter 1083, Statutes of 1990

**SB 2126**      **Local Government: Construction Inspection:** Requires the  
**AYALA**      certification and continuing education of construction  
inspectors, as defined and specified.

Vetoed by Governor

**SB 2306**      **Building Standards:** Transfers the jurisdiction for  
**AYALA**      administering building standards relating to water  
closets, urinals and associated flushometers from the  
Department of Housing and Community Development to the  
State Building Standards Commission (SBSC) and for  
standards relating to shower heads and faucets from the  
California Energy Commission to the SBSC. Also, specifies  
a national performance standard for shower heads and  
faucets installed after January 1, 1991.

Died in Committee

**SB 2775**      **State Historical Building Code:** Deletes the sunset date  
**TORRES**      of the provisions requiring application and enforcement of  
the State Historical Building Code by state and local  
agencies.

Chapter 625, Statutes of 1990

**AB 749**      **Testing of Fire Alarm Systems:** Requires the State Fire  
**LANCASTER**      Marshal to license testers of fire alarms and to establish  
testing interval standards.

Died in Committee

**AB 1197**      **Abatement of Substandard Conditions:** Provides that a  
**HAUSER**      property owner's exclusive remedy upon appeal of a  
determination made at administrative hearing procedures  
regarding the structure's substandard condition is a  
mandamus proceeding.

Chapter 376, Statutes of 1989

**AB 1230**      **State Building Standards: Interpretations of Building**  
**AREIAS**      **Standards:** Requires the State Building Standards  
Commission to adopt regulations by December 31, 1991 that  
establish procedures for adoption and publication of state  
agencies' interpretations of building standards.

Vetoed by Governor

- AB 1484**  
**BENTLEY**      **Fire Safety: Residential Care Facilities for Elderly:**  
Requires the State Fire Marshal to establish new occupancy classifications and fire safety standards for residential facilities and residential care facilities.
- Chapter 1261, Statutes of 1989
- AB 1549**  
**FRIZZELLE**      **Fire Safety:** Establishes late fees for nonrenewal of registration for the (1) Flame Retardant and Chemical Listing program; (2) Building Materials Listing program; and (3) Automatic Extinguishing Systems program.
- Chapter 529, Statutes of 1989
- AB 1813**  
**CORTESE**      **Fire Safety: Roof Coverings:** Prohibits public agencies from approving a tentative subdivision map in State Responsibility Areas, unless it meets fire safety standards by the Board of Forestry and requires roof covering in very high fire hazard zones within State Responsibility Areas to be Class "A".
- Died in Committee
- AB 1879**  
**FLOYD**      **State Fire Marshal:** Repeals the sunset dates on two programs administered by the State Fire Marshal. Also, authorizes the State Fire Marshal under certain conditions to suspend a fire extinguisher license or certificate or registration.
- Chapter 909, Statutes of 1989
- AB 1895**  
**BRADLEY**      **Building Standards:** Makes numerous changes in law relating to Model Codes and Building Standards.
- Chapter 952, Statutes of 1989
- AB 1989**  
**HANNIGAN**      **Fire Protection:** Establishes fire safety standards for buildings housing nonambulatory persons which are operated as residential care facilities for the elderly and licensed to care for more than six persons.
- Chapter 436, Statutes of 1990
- AB 2355**  
**FILANTE**      **Water Conservation:** Changes the water conservation standard for water and associated flushometer valves from 3.5 to 1.6 gallons per flush and for urinals and associated flushometer valves from less than 1.5 gallons to no more than 1 gallon per flush in all buildings built after January 1, 1992.
- Chapter 1029, Statutes of 1989
- AB 2666**  
**HANSEN**      **Building Standards: Fire Protection:** Permits cities, counties and fire protection districts upon ratification

by the local government to adopt more stringent requirements relating to fire and panic safety than those contained in the California Building Standards Code based on local climatic, geological or topographical conditions.

Chapter 1111, Statutes of 1990

AB 2994  
EAVES

State Fire Marshal: Public Address System: Requires buildings and structures intended for public assemblies of 10,000 or more persons to have public address systems with emergency backup system by July 1, 1991.

Chapter 421, Statutes of 1990

AB 3188  
MOUNTJOY

Explosives: Requests the State Fire Marshal to adopt regulations relating to the size, form, content and location on caution placards to be placed on or near explosive storage facilities.

Chapter 734, Statutes of 1990

AB 3600  
POLANCO

Residential Automatic Garage door Openers: Automatic Reversing Safety Device: Standards: Requires automatic garage door openers to meet specified minimum standards before being sold, manufactured or installed.

Chapter 1336, Statutes of 1990

AB 3715  
CHANDLER

Fire Protection: Hydrant Markers: Requires the installation and maintenance of blue reflective markers in streets for the purpose of marking the location of fire hydrants.

Vetoed by Governor

AB 4082  
CHANDLER

State Building Standards Commission: Requires the State Building Standards Commission to conduct a comprehensive review of state building standards and related statutes, and administrative regulations beginning January 1, 1991 and continuing to December 31, 1992.

Chapter 1289, Statutes of 1990

AB 4095  
LEWIS

Unvented Heaters: Fireplace Logs: Prohibits the sale of ornamental fireplaces not meeting criteria set by the State Fire Marshal.

Vetoed by Governor

## IX. TAXATION

Housing related tax expenditures comprise the largest single source of subsidies for housing. The itemized deduction for home interest expenses allow taxpayers to deduct the amount of mortgage interest paid on residences. The tax exemption for interest on government debt obligation exempts from gross income the interest earned on certain housing bonds. Deferral of capital gains on the sale of principal residences allows taxpayers to defer recognizing capital gains on sale of a home when replacement housing is purchased within two years. A refundable tax credit is provided for renters.

The passage of the federal 1985 Tax Reform Act ended many preferential tax treatments for the development of housing, especially rental housing for lower income tenants: accelerated depreciation was eliminated and write off periods were lengthened; capital gains were made fully taxable; reduced marginal rates lessened the value of tax related subsidies; limitations were placed on the use of tax exempt bonds; passive losses were limited; and the use of installment sale tax payments was limited.

However, the federal act did provide one incentive for the development of low income rental housing: the federal low income housing tax credit. The federal credit may be taken over 10 years provided the rental project complies with certain low income rental and occupancy restrictions for 15 years. To provide greater stimulus for the development of low income rental housing, the Legislature enacted a state low income housing tax credit program in 1987 requiring 30 years compliance to complement the federal credit. The combination of these two credits provide a significant incentive for the development of low income rental housing resulting in the award of tax credit for over 400 project and 16,000 units in California.

Legislation relating to tax credits was passed during this session to roll forward initially unused State tax credit (SB 70); continue the state tax credit program so long as the federal program is extended (SB 726 and SB 1290); and provide new selection criteria and conform State tax credit law with federal law (SB 1085).

The following bills pertaining to tax expenditures for housing were considered during the 1989-90 Legislative Session:

**SB 70**            Low-income Housing Tax Credit: Rolls forward about \$22.5 million of unused tax credit from 1987 for allocation in 1989. Conforms state law with federal law to allow credit granted in 1989 to be used for rental projects placed in service through 1991.

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Chapter 46, Statutes of 1989

**SB 726**            Low-income Housing Tax Credit: Continues the state low income rental housing tax credit for individual taxpayers as long as similar provisions of federal law are operative.

**L. GREENE**



Requires an evaluation by the Legislative Analyst of the use of the low income housing tax credits.

Died in Committee

SB 1085  
L. GREENE

Low Income Housing Tax Credit: Establishes criteria used to allocate low income tax credits, permits any state credit remaining from the annual \$35 million allocation to be carried forward to the next year and makes various changes in the state law designed to conform state to federal law, where appropriate, and improve the administration of the tax credit program.

Chapter 166, Statutes of 1990

SB 1290  
SEYMOUR

Low Income Housing Tax Credit: Continues the state low income rental housing tax credit for corporate taxpayers as long as similar provisions of federal law are operative.

Chapter 1156, Statutes of 1989

SB 2319  
ALQUIST

Renter's Credit: Reduces the renter's credit from \$137 to \$120 for married renters saving about \$50 million annually.

Chapter 464, Statutes of 1990

AB 374  
KLEHS

Low Income Housing Tax Credit: Permits the Tax Credit Allocation Committee to reduce the amount of federal credit for projects located in difficult to develop areas so long as the combined federal and state credit does not exceed the amount for which the development would otherwise be eligible.

Chapter 1485, Statutes of 1990

AB 3723  
ELDER

Property Taxation: Transfer of Base Year Value: Specifies the conditions under which persons 55 years of age or older may take base-year value of their home to a replacement home.

Chapter 902, Statutes of 1990

## IX. EARTHQUAKES/DISASTER ASSISTANCE

On October 17, 1989 an earthquake measuring 7.1 on the Richter scale hit Northern California with its epicenter 60 miles southeast of San Francisco. According to reports from the State Office of Emergency Services, the earthquake resulted in 63 deaths, 3,757 injuries, 13,224 displaced persons, 23,408 damaged homes, 1,018 destroyed homes, 3,530 damaged businesses, 366 destroyed businesses, and an estimated \$5.9 billion in private and public property damages.

Within 14 days of the earthquake a special session of the Legislature was convened to consider disaster assistance measures. As a result of that session, special legislation was enacted to provide a permanent program of disaster assistance for housing and appropriate \$74 million in housing aid to the earthquake damaged areas of the State as follows (SB 3X and SB 4X):

- \$32 million for the California Natural Disaster Assistance Program for Owner-Occupants.
- \$32 million for the California Natural Disaster Assistance Program for Rental Properties.
- \$5 million for the Emergency Shelter Program.
- \$500,000 for the Rental Deposit Guarantee Program.
- \$1.5 million for the Farmworker Housing Grant Program.
- \$1 million for the Urban Predevelopment Loan Program.
- \$1 million for the Rural Predevelopment Loan Program.
- \$1 million for the Office of Migrant Services.

Other legislation was also considered by the Legislature pertaining to earthquake hazard mitigation technology (SB 920); earthquake safety of mobilehomes (SB 2518 and AB 631); abatement of potentially hazardous buildings (AB 1279); and loan loss guarantees for seismic safety renovation of unreinforced masonry residential buildings (SB 2322).

The following bills relating to earthquake/disaster assistance were considered by the Legislature during the 1989-1990 Session:

**SB 3X**            Rental Rehabilitation Loans: Establishes a permanent  
**MARKS**            disaster assistance loan program for the rehabilitation,  
**AB 41X**            acquisition in conjunction with rehabilitation and  
**FARR**             reconstruction of damaged rental property and  
                     appropriates \$32 million for this program.

SB 3X Chapter 4, Statutes of 1989, First Extraordinary  
Session

AB 41X Vetoed by Governor

**SB 4X**            Homeowner Rehabilitation Loans: Establishes a permanent  
**L. GREENE**       two part disaster assistance program comprised of an  
**AB 44X**            immediate community recovery component requiring priority  
**HAUSER**           in awarding funds, grants and other assistance under

existing housing programs and a housing rehabilitation component authorizing deferred payment, low interest loans for housing rehabilitation. Also, appropriates \$9.5 million for the community recovery component and \$32 million for the housing rehabilitation component.

SB 4X Chapter 6, Statutes of 1989, First Extraordinary Session  
AB 44X Vetoed by Governor

SB 424  
ALQUIST

**Seismic Safety: Loan Insurance:** Permits the California Housing Finance Agency to administer a loan loss guarantee program for seismic safety improvements for any unreinforced masonry, multifamily building identified as potentially hazardous or hazardous to life in the event of an earthquake. Authorizes the use of up to \$1,800,000 of existing funds for that purpose.

Chapter 1203, Statutes of 1989

SB 920  
ROGERS

**Seismic Safety Building Design:** Requires the State Architect to develop regulations for the application of earthquake hazard mitigation technologies to buildings by January 1, 1992 and to recommend to the Legislature a long term plan to study the retrofiting of existing buildings.

Chapter 988, Statutes of 1989

SB 2320  
ALQUIST

**Hazardous Concrete Building: Earthquake Safety:** Requires the identification, inventory and evaluation of potentially hazardous concrete and reinforced masonry buildings; the adoption of seismic retrofit building standards and regulations; and the submittal of plans by owners of their intention to retrofit.

Senate Refused Passage

SB 2322  
ALQUIST

**Housing: Potentially Hazardous Buildings:** Expands and modifies the existing program to identify potentially hazardous buildings and adopt mitigation programs, including application of these provisions to state buildings, hospitals, and buildings located in Seismic Hazard Zone 3 and requires adoption of seismic retrofit building standards for such buildings located in Seismic Hazard Zones 3 and 4.

Senate Refused Passage

SB 2343  
MELLO

**Housing: Emergency Shelter:** Permits Natural Disaster Emergency Shelter Program funds to be used to create temporary shelters including equipment of buildings and installation of food preparation and service facilities.

Chapter 1067, Statutes of 1990

SB 2415  
ROGERS

Seismic Safety: Makes clean up and substantive changes to the earthquake hazard mitigation technology law enacted in 1989.

Failed Passage in Committee

SB 2511  
ROGERS

Seismic Safety: Creates the Seismic Hazard Mitigation Building Codes Task Force to create a practitioner's design guide for use of seismic mitigation new technology.

Died in Committee

SB 2518  
CRAVEN

Mobilehomes: Seismic Safety Study: Requires the Department of Housing and Community Development to report to the Legislature, on or before January 1, 1991, on specified issues relating to the seismic safety of mobilehomes.

Chapter 615, Statutes of 1990

AB 631  
BRADLEY

Manufactured Homes: Bracing Systems: Requires the Department of Housing and Community to adopt regulations governing the installation of earthquake resistant bracing systems on manufactured homes or mobilehomes.

Chapter 304, Statutes of 1989

AB 1279  
HAUSER

Housing: Abatement of Potentially Hazardous Buildings: Institutes procedures and judicial remedies to enable the enforcement agency to apply to the superior court for the appointment of a receiver to retrofit buildings which are potentially hazardous to life in the event of an earthquake.

Chapter 192, Statutes of 1990

AB 1497  
HAUSER

Housing: Seismic Safety Loan Insurance: Expands the existing loan loss guarantee program for multifamily unreinforced masonry buildings to include commercial buildings.

Vetoed by the Governor

AB 1663  
HAUSER

Disaster Assistance Housing Programs: Makes various clean up, policy and technical changes to the special session disaster assistance measures relating to housing.

Chapter 19, Statutes of 1990

AB 1825  
AREIAS

Residential Real Property: Foreclosure Assistance: Establishes a Natural Disaster Victim Foreclosure Assistance Program, to be administered by the Department of Housing

and Community Development, to provide emergency mortgage assistance payments to eligible homeowners undergoing foreclosure resulting from default caused by a natural disaster.

Vetoed by Governor

AB 1890  
CORTESE

**Earthquake Protection: Water Heaters:** Requires water heaters to be anchored or strapped to resist falling or horizontal displacement due to earthquake motion.

Chapter 951, Statutes of 1989

AB 2959  
KLEHS

**Seismic Safety: Disclosure:** Requires the Seismic Safety Commission to publish a Homeowner's Guide to Earthquake Preparedness.

Chapter 1498, Statutes of 1990

AB 3209  
COSTA

**Seismic Safety Building Rehabilitation:** Permits local agencies to provide financing for existing debt on buildings identified as potentially hazardous in case of an earthquake to encourage the sale of tax-exempt bonds to finance the seismic retrofitting of the structure.

Chapter 378, Statutes of 1989

AB 3561  
CORTESE

**Earthquake Protection:** Prohibits the transfer of a one to four unit residential dwelling located in Seismic Zone 4 after July 1, 1991 unless it is in compliance with specified standards and requires the owner of a one to four unit residential dwelling located in Seismic Zone 4 to bring it into compliance with specified standards after January 1, 1996.

Vetoed by Governor

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October 17, 1990

