

AMENDED IN ASSEMBLY MARCH 31, 2011

CALIFORNIA LEGISLATURE—2011–12 REGULAR SESSION

ASSEMBLY BILL

No. 1275

Introduced by Assembly Member Torres

February 18, 2011

An act to amend ~~Section 50001~~ *Sections 50904 and 50905* of the Health and Safety Code, relating to housing.

LEGISLATIVE COUNSEL'S DIGEST

AB 1275, as amended, Torres. Housing.

Existing law establishes the California Housing Finance Agency, which is governed by a board of directors consisting of 11 voting members and 3 nonvoting ex officio members. Existing law also authorizes the agency to employ specified persons. Existing law imposes various conflict-of-interest requirements, including that a board member with a financial interest in any matter before the board for a decision must disclose the interest as a matter of official public record and the board member is prohibited from attempting to influence, participate in deliberations concerning, or vote as to the interested matter. Existing law also prohibits an employee of the agency from being employed by, holding any paid official relation to, or having any financial interest in, any housing sponsor or any housing development financed or assisted by the agency.

This bill would specify that the conflict-of-interest provision is effective notwithstanding a provision of law that prohibits certain officials from having a financial interest in a contract entered into by the official in his or her official capacity or by the body or board of which they are members.

This bill would extend the prohibition against being employed by, having a paid relation to, or having a financial interest in a housing sponsor or affordable housing to an officer of the agency, except for a member of the board of directors who is not an employee of the agency.

This bill would change the term “housing development” to “affordable housing” in these provisions.

~~Existing law makes several legislative findings and declarations of the vital statewide importance of housing to the health, safety, and welfare of the residents of the state for several reasons:~~

~~This bill would make several changes to these legislative findings and declarations:~~

Vote: majority. Appropriation: no. Fiscal committee: no.

State-mandated local program: no.

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

1 SECTION 1. Section 50904 of the Health and Safety Code is
2 amended to read:

3 50904. The representation of varied interest groups on the
4 board shall be deemed essential to obtain information for the
5 development of policy and decisions of the board.—It
6 Notwithstanding Section 1090 of the Government Code, it shall
7 not be a conflict of interest for an official of any local public entity
8 or a resident of any *affordable housing development*, or a director,
9 officer, stockholder, or employee of any savings and loan
10 institution, investment banking firm, brokerage firm, commercial
11 bank or trust company, architectural firm, insurance company,
12 labor union, or any other person, association, or corporation to
13 serve as a member of the board. If any board member has a
14 financial interest in any matter before the board for a decision, that
15 interest shall be disclosed as a matter of official public record. The
16 board member shall not attempt to influence, participate in
17 deliberations concerning, or vote as to that matter.

18 Violation of this section constitutes grounds for disqualification
19 from office as a board member. Violation of the disclosure
20 requirements of this section constitutes a misdemeanor under
21 Section 91000 of the Government Code.

22 SEC. 2. Section 50905 of the Health and Safety Code is
23 amended to read:

1 50905. (a) No *officer or* employee of the agency shall be
2 employed by, hold any paid official relation to, or have any
3 financial interest in, any housing sponsor or any *affordable* housing
4 ~~development~~ financed or assisted under this part, *provided that*
5 *this prohibition shall not apply to a member of the board of*
6 *directors who is not an employee of the agency.* No real property
7 to which a member of the board or employee of the agency holds
8 legal title or in which the person has any financial interest shall
9 be purchased by the agency or sold by the member of the board
10 or employee of the agency to a housing sponsor for a *affordable*
11 ~~housing development~~ to be financed under this part.

12 Any violation of this section shall be a conflict of interest that
13 shall be grounds for disqualification of the member from the board
14 or employee of the agency from his or her employment with the
15 board or agency.

16 (b) Except as provided by subdivision (c), the following actions
17 shall be voidable in the discretion of the agency:

18 (1) Any purchase by the agency of real property in which a
19 member of the board or employee of the agency has legal title or
20 a financial interest.

21 (2) Any commitment by the agency to provide financial
22 assistance to a housing sponsor in which a member of the board
23 or employee of the agency is employed, holds any official relation,
24 or has any financial interest.

25 (3) Any commitment by the agency to provide financial
26 assistance to a housing sponsor to which real property has been or
27 is transferred for a *affordable* ~~housing development~~ to be financed
28 under this part, if a member of the board or employee of the agency
29 has or has had legal title or any financial interest in the real
30 property.

31 (c) Any commitment by the agency to provide financial
32 assistance under the circumstances specified in paragraph (2) or
33 (3) of subdivision (b) shall not be voidable following release of
34 the funds.

35 (d) Notwithstanding the provisions of this section and Section
36 50904, any conflict of interest by a member of the board or
37 employee of the agency shall not affect the validity of any bonds
38 or insurance issued pursuant to this division.

39 (e) Notwithstanding the provisions of this section, an agency
40 employee or board member may, if not acting as an investor and

1 if otherwise eligible, participate in owner-occupied single-family
2 financing and insurance programs operated by the agency.

3 ~~SECTION 1. Section 50001 of the Health and Safety Code is~~
4 ~~amended to read:~~

5 ~~50001. The Legislature finds and declares that the subject of~~
6 ~~housing is of vital statewide importance to the health, safety, and~~
7 ~~welfare of the residents of this state, for the following reasons:~~

8 ~~(a) Decent and affordable housing is an essential motivating~~
9 ~~force in helping people achieve self-fulfillment in a free and~~
10 ~~democratic society.~~

11 ~~(b) Unsanitary, unsafe, overcrowded, or congested dwelling~~
12 ~~accommodations or lack of decent housing constitute conditions~~
13 ~~which cause an increase in, and spread of, disease and crime.~~

14 ~~(c) A healthy housing market is one in which residents of this~~
15 ~~state have a choice of affordable housing opportunities and one in~~
16 ~~which the housing consumer may effectively choose within the~~
17 ~~free marketplace.~~

18 ~~(d) A healthy housing market is necessary both to achieve a~~
19 ~~healthy state economy and to avoid high levels of unemployment.~~