

AMENDED IN ASSEMBLY APRIL 14, 2011

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 Sections 50904 and 50905 of the Health and Safety Code, relating to housing. An act to add Section 33137 to the Health and Safety Code, relating to redevelopment.

LEGISLATIVE COUNSEL'S DIGEST

AB 1275, as amended, Torres. ~~Housing. Redevelopment: agency contracts.~~

The Community Redevelopment Law authorizes the establishment of redevelopment agencies in communities in order to address the effects of blight, as defined, in those communities and requires those agencies to prepare, or cause to be prepared, and approve a redevelopment plan for each project area. Existing law authorizes each agency to make and execute contracts and other instruments necessary or convenient to the exercise of its powers.

This bill would provide that a contract entered into by an agency may be declared by a court to be null and void if the agency performs specified actions.

~~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.

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 33137 is added to the Health and Safety
- 2 Code, to read:
- 3 33137. A contract entered into by an agency may be declared
- 4 by a court to be null and void if the agency does any of the
- 5 following:
- 6 (a) Exercises the authority that is provided to the agency
- 7 pursuant to this part in a manner that constitutes an abuse of
- 8 discretion.
- 9 (b) Violates any powers or obligations granted to it by this part.
- 10 (c) Assumes any other obligations that impairs its ability to
- 11 meet existing obligations under this part.
- 12 SECTION 1. ~~Section 50904 of the Health and Safety Code is~~
- 13 ~~amended to read:~~
- 14 50904. ~~The representation of varied interest groups on the~~
- 15 ~~board shall be deemed essential to obtain information for the~~
- 16 ~~development of policy and decisions of the board. Notwithstanding~~

1 Section 1090 of the Government Code, it shall not be a conflict of
2 interest for an official of any local public entity or a resident of
3 any affordable housing, or a director, officer, stockholder, or
4 employee of any savings and loan institution, investment banking
5 firm, brokerage firm, commercial bank or trust company,
6 architectural firm, insurance company, labor union, or any other
7 person, association, or corporation to serve as a member of the
8 board. If any board member has a financial interest in any matter
9 before the board for a decision, that interest shall be disclosed as
10 a matter of official public record. The board member shall not
11 attempt to influence, participate in deliberations concerning, or
12 vote as to that matter.

13 Violation of this section constitutes grounds for disqualification
14 from office as a board member. Violation of the disclosure
15 requirements of this section constitutes a misdemeanor under
16 Section 91000 of the Government Code.

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

19 50905. (a) No officer or employee of the agency shall be
20 employed by, hold any paid official relation to, or have any
21 financial interest in, any housing sponsor or any affordable housing
22 financed or assisted under this part, provided that this prohibition
23 shall not apply to a member of the board of directors who is not
24 an employee of the agency. No real property to which a member
25 of the board or employee of the agency holds legal title or in which
26 the person has any financial interest shall be purchased by the
27 agency or sold by the member of the board or employee of the
28 agency to a housing sponsor for affordable housing to be financed
29 under this part.

30 Any violation of this section shall be a conflict of interest that
31 shall be grounds for disqualification of the member from the board
32 or employee of the agency from his or her employment with the
33 board or agency.

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

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

39 (2) Any commitment by the agency to provide financial
40 assistance to a housing sponsor in which a member of the board

1 or employee of the agency is employed, holds any official relation,
2 or has any financial interest.

3 ~~(3) Any commitment by the agency to provide financial~~
4 ~~assistance to a housing sponsor to which real property has been or~~
5 ~~is transferred for affordable housing to be financed under this part,~~
6 ~~if a member of the board or employee of the agency has or has had~~
7 ~~legal title or any financial interest in the real property.~~

8 ~~(e) Any commitment by the agency to provide financial~~
9 ~~assistance under the circumstances specified in paragraph (2) or~~
10 ~~(3) of subdivision (b) shall not be voidable following release of~~
11 ~~the funds.~~

12 ~~(d) Notwithstanding the provisions of this section and Section~~
13 ~~50904, any conflict of interest by a member of the board or~~
14 ~~employee of the agency shall not affect the validity of any bonds~~
15 ~~or insurance issued pursuant to this division.~~

16 ~~(e) Notwithstanding the provisions of this section, an agency~~
17 ~~employee or board member may, if not acting as an investor and~~
18 ~~if otherwise eligible, participate in owner-occupied single-family~~
19 ~~financing and insurance programs operated by the agency.~~