

DEPARTMENT OF FINANCE BILL ANALYSIS

AMENDMENT DATE: August 15, 2011
POSITION: Neutral

BILL NUMBER: AB 1084
AUTHOR: M. Davis

BILL SUMMARY: Veterans Farm and Home Purchases: Definitions: Home

This bill, an urgency measure, would (1) repeal the California National Guard Members' Farm Home and Building Purchase Act of 1978 (Cal Guard Farm and Home Act) and the California National Guard Members' Revenue Bond Act of 1978, (2) transfer specified moneys and revenues received pursuant to these Acts to the Veterans Farm and Home Building Fund of 1943 (CalVet Fund) to make shared equity housing loans, and (3) make various other changes to the Veterans Farm and Home Purchase Act of 1974..

FISCAL SUMMARY

Any costs resulting from this bill appear to be minor and absorbable within the California Department of Veterans Affairs' (CDVA) existing resources. The CDVA states there is \$5.4 million in unused loan proceeds in the National Guard Member's Farm and Home Building Fund of 1978 that were budgeted for Cal Guard Farm and Home Act administrative costs. The CalVet Fund has covered these administrative costs for the Cal Guard Farm and Home Act for the last 33 years, hence the surplus. These funds would be transferred to the CalVet Fund pursuant to this bill and would be continuously appropriated for shared equity cooperative housing loans.

COMMENTS

The Department of Finance is neutral on this bill which would provide qualifying veterans with additional financing options for housing.

Existing law establishes the CalVet Home Loan program and defines "cooperative housing corporation" as a real estate development in which stock holders have the right to own a portion of the real property.

This bill would:

- Transfer all moneys and revenues received pursuant to the Cal Guard Farm and Home Act that are not needed to meet revenue bond obligations, to the CalVet Fund.
Provide that moneys and revenues transferred to the CalVet Fund pursuant to this bill are continuously appropriated to make shared equity housing loans.
Expand the definition of cooperative housing to include a shared equity cooperative, which is intended to provide low income individuals and families greater access to home ownership.
Expand the definition of "home" to include a cooperative dwelling unit, as defined.
Allow the appraisal of a property to be filed by an appraiser licensed or certified in California.
Allow the CDVA to require an amount higher than 2 percent of a property's selling price as an initial payment.
Allow the CDVA to accept a security other than a deed of trust to secure a loan.
Authorize the CDVA to add maintenance and other costs, as specified, to the selling price of a house and seek repayment for those costs.

(continued)

COMMENTS (cont.)

Analyst/Principal Date Program Budget Manager Date
(0200) J. Fitzpatrick Lisa Ann L. Mangat

Department Deputy Director Date

Governor's Office: By: Date: Position Approved
Position Disapproved

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- Require the CDVA to allow a stock cooperative to cure any failure by a purchaser to comply with the terms of the purchase contract.
- Specify that a purchaser's right to occupy is not subject to consent or approval by a stock cooperative.
- Require a stock cooperative to enter into an agreement directly with the CDVA as a condition of taking title to a cooperative dwelling unit.
- Repeal the Cal Guard Farm and Home Act and the California National Guard Members' Revenue Bond Act of 1978.
- Declare that it is to take effect immediately as an urgency state.

The CDVA indicates the department no longer issues loans pursuant to the Cal Guard Farm and Home Act and the program because the revenue bonds used to make them have been exhausted.

Code/Department Agency or Revenue Type	SO		(Fiscal Impact by Fiscal Year)							Fund Code
	LA	CO	(Dollars in Thousands)							
	RV	98	FC	2011-2012	FC	2012-2013	FC	2013-2014		
T00592/Transfer	RV	No	U	-\$5,400		--		--	0503	
F00503/Transfer	RV	No	U	\$5,400		--		--	0592	
8955/Vets Affairs	SO	No		----- No/Minor Fiscal Impact -----						0592
<u>Fund Code</u>	<u>Title</u>									
0503	Nat Guard Members Farm & Home Bldg Fd 78									
0592	Veterans Farm & Home Building Fund 1943									