

AMENDED IN ASSEMBLY MARCH 18, 2016

CALIFORNIA LEGISLATURE—2015–16 REGULAR SESSION

ASSEMBLY BILL

No. 1920

Introduced by Assembly Member Chau

February 11, 2016

An act to amend Section 50199.10 of the Health and Safety Code, relating to housing, and making an appropriation therefor.

LEGISLATIVE COUNSEL'S DIGEST

AB 1920, as amended, Chau. California Tax Credit Allocation Committee: low-income housing credit: fines.

Under existing law, the California Tax Credit Allocation Committee administers the federal and state low-income housing tax credit programs. Existing law requires the committee to allocate the housing credit on a specified regular basis and requires the committee to only allocate credits to a project if the housing sponsor enters into a specified regulatory agreement. Existing law authorizes the committee to make any allocation or reservation of the state's housing credit ceiling to a housing credit applicant subject to specified terms and conditions.

Existing law establishes the Housing Rehabilitation Loan Fund, which is continuously appropriated to the Department of Housing and Community Development, to fund various housing-related purposes.

This bill would authorize the committee to establish a specified schedule of fines for violations of the terms and conditions, the regulatory agreement, covenants, or program regulations. The bill would require these fines to be deposited in the Housing Rehabilitation Loan Fund and would authorize the committee to record a property lien if the fine has not been paid within a specified period of time. By

depositing these fines into the Housing Rehabilitation Loan Fund, a continuously appropriated fund, the bill would make an appropriation.

Vote: $\frac{2}{3}$. Appropriation: yes. Fiscal committee: yes.
State-mandated local program: no.

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

1 SECTION 1. Section 50199.10 of the Health and Safety Code
2 is amended to read:

3 50199.10. (a) For purposes of allocating low-income housing
4 credits, the committee is hereby designated as this state's only
5 housing credit agency for purposes of Section 42(h) of the federal
6 Internal Revenue Code (26 U.S.C. Sec. 42(h)). The committee
7 shall annually determine and shall allocate the state ceiling in
8 accordance with this chapter and in conformity with federal law.
9 The committee shall determine the housing credit ceiling as soon
10 as possible following the effective date of this chapter and
11 thereafter following the commencement of each calendar year.
12 The committee shall undertake any and all responsibilities of
13 housing credit agencies under Section 42 of Title 26 of the United
14 States Code, including entering into regulatory agreements relating
15 to projects that are granted awards.

16 (b) The committee shall develop and provide application forms
17 for use by housing credit applicants. The committee shall adopt
18 uniform procedures for submission and review of applications of
19 housing credit applicants, including fees to defray the committee's
20 costs in administering this chapter. In the committee's discretion,
21 the fees shall be charged to a housing credit applicant as a condition
22 of submitting an application or as a condition of receiving an
23 allocation or reservation of the state's current or anticipated
24 housing credit ceiling, or both.

25 (c) In addition to allocating the current housing credit ceiling,
26 the committee may reserve a portion of the state's anticipated
27 housing credit ceiling for a subsequent year for a housing credit
28 applicant.

29 (d) As a condition to making an allocation of the housing credit
30 ceiling or a reservation of the anticipated housing credit ceiling
31 for a subsequent year, the committee may require the housing
32 credit applicant receiving the allocation or reservation to deposit
33 with the committee an amount of money as a good-faith

1 undertaking. The committee shall adopt policies for determining
2 when deposits will be required, prescribing procedures for return
3 of deposits, and specifying the circumstances under which the
4 deposits will be forfeited in whole or in part for failure to timely
5 utilize the allocation or reservation provided to the housing credit
6 applicant.

7 (e) (1) The committee may make any allocation or reservation
8 of the state's housing credit ceiling to a housing credit applicant
9 subject to terms and conditions in furtherance of the purposes of
10 this part. The committee may condition an allocation or reservation
11 on the execution of a contract between the housing credit applicant
12 and the committee requiring the housing credit applicant to comply
13 with all the terms of Section 42 of the federal Internal Revenue
14 Code, any applicable state laws, and any additional requirements
15 the committee deems necessary or appropriate to serve the purposes
16 of this chapter, and providing for legal action to obtain specific
17 performance or monetary damages for breach of contract.

18 (2) No allocations or reservations shall be made pursuant to this
19 subdivision with respect to projects that do not meet the
20 requirements of the qualified allocation plan, and no allocations
21 or reservations shall be made in amounts that do not meet the
22 requirements of paragraph (2) of subsection (m) of Section 42 of
23 Title 26 of the United States Code.

24 (3) (A) With respect to an allocation or reservation, the
25 committee may establish a schedule of fines for violations of the
26 terms and conditions, the regulatory agreement, covenants, or
27 program regulations. In developing the schedule of fines, the
28 committee shall establish the fines for violations in an amount of
29 *up to* five hundred dollars (\$500) per violation or double the
30 amount of the financial gain to the housing credit applicant because
31 of the violation, whichever is greater. These fines may be a
32 recurring amount if the violation is not corrected within a
33 reasonable period of time, as determined by the committee.

34 (B) By resolution at a public general committee meeting, the
35 committee shall adopt and may revise the schedule of fines, which
36 shall include specific violations of the terms and conditions, the
37 regulatory agreement, covenants, or program regulations and fine
38 amounts subject to the criteria in subparagraph (A).

39 (C) All fines shall be deposited in the Housing Rehabilitation
40 Loan Fund established in Section 50661.

1 (D) If a fine is not paid within six months from the date when
2 the fine was initially assessed by the committee and after
3 reasonable notice has been provided to the housing credit applicant,
4 the committee may record a lien against the property. *Consistent*
5 *with Sections 1214 and 1215 of the Civil Code, a lien created*
6 *pursuant to this paragraph shall not be superior to any lien*
7 *recorded prior to the recording of this lien.*