

AMENDED IN ASSEMBLY MAY 7, 1998
AMENDED IN ASSEMBLY APRIL 23, 1998
AMENDED IN ASSEMBLY MARCH 30, 1998

CALIFORNIA LEGISLATURE—1997–98 REGULAR SESSION

ASSEMBLY BILL

No. 1701

Introduced by Assembly Member Alquist

January 26, 1998

An act to add and repeal Section 65863.10 of the Government Code, relating to housing.

LEGISLATIVE COUNSEL'S DIGEST

AB 1701, as amended, Alquist. Housing assistance: termination: notice.

Existing law, known as Section 8 of the United States Housing Act of 1937, and other provisions of federal law, provide for housing assistance payments pursuant to contract to aid low-income families, and authorize loans, insurance, and interest reduction payments to assist in the provision of housing. Section 8 requires the owner of an assisted dwelling unit to notify the tenant not less than 90 days prior to the termination of the assistance contract. Existing law also generally prescribes the notice to be given by a landlord or tenant to terminate a tenancy. Existing law establishes the Department of Housing and Community Development with various powers and duties relating to housing.

This bill would require until January 1, 2002, at least 9 months' advance notice, as specified, to tenants, to the city or

county and public housing authority, *and to the Department of Housing and Community Development* where the above-described forms of federal financial assistance are to be terminated or prepaid with respect to a multifamily rental housing development, ~~and to the Department of Housing and Community Development.~~ ~~The bill would require an owner who fails to comply with the notice requirements to continue in the federal program until compliance is achieved, subject to the federal government’s offer of continued participation on similar or equivalent terms.~~

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 65863.10 is added to the
 2 Government Code, to read:
 3 65863.10. (a) As used in this section, the following
 4 terms have the following meaning:
 5 (1) “Affected tenant” means a tenant household
 6 residing in an assisted housing development, as defined
 7 in paragraph (2), at the time notice is required to be
 8 provided pursuant to this section, that benefits from the
 9 government assistance.
 10 (2) “Assisted housing development” means a
 11 multifamily rental housing development that receives
 12 governmental assistance under any of the following
 13 federal programs:
 14 (A) New construction, substantial rehabilitation,
 15 moderate rehabilitation, property disposition, and loan
 16 management set-aside programs, or any other program
 17 providing project-based assistance, under Section 8 of the
 18 United States Housing Act of 1937, as amended (42 U.S.C.
 19 Sec. 1437f).
 20 (B) The following federal programs:
 21 (i) The Below-Market-Interest-Rate Program under
 22 Section 221(d)(3) of the National Housing Act (12 U.S.C.
 23 Sec. 1715l(d)(3) and (5)).
 24 (ii) Section 236 of the National Housing Act (12 U.S.C.
 25 Sec. 1715z-1).



1 (iii) Section 202 of the Housing Act of 1959 (12 U.S.C.
2 Sec. 1701q).

3 (C) Programs for rent supplement assistance under
4 Section 101 of the Housing and Urban Development Act
5 of 1965, as amended (12 U.S.C. Sec. 1701s).

6 (D) Programs under Section 515 of the Housing Act of
7 1949, as amended (42 U.S.C. Sec. 1485).

8 (3) “City” means a general law city, a charter city, or
9 a city and county.

10 (4) “Prepayment” means the payment in full or
11 refinancing of the federally insured or federally held
12 mortgage indebtedness prior to its original maturity date,
13 or the voluntary cancellation of mortgage insurance, on
14 an assisted housing development described in
15 subparagraph (B) of paragraph (2) that would have the
16 effect of removing the current low-income affordability
17 restrictions contained in the applicable laws and the
18 regulatory agreement.

19 (5) “Termination” means an owner’s decision not to
20 extend or renew its participation in a federal subsidy
21 program for an assisted housing development described
22 in subparagraph (A) of paragraph (2), either at or prior
23 to the scheduled date of the expiration of the contract,
24 that may result in an increase in tenant rents or a change
25 in the form of the subsidy from project-based to
26 tenant-based.

27 (b) At least nine months prior to the anticipated date
28 of termination of a subsidy contract or prepayment on an
29 assisted housing development, the owner proposing the
30 termination or prepayment of governmental assistance
31 shall provide a notice of the proposed change to each
32 affected tenant household residing in the assisted housing
33 development at the time the notice is provided. The
34 notice to the tenants shall contain all of the following:

35 (1) The anticipated date of the termination or
36 prepayment of the federal program, and the identity of
37 the federal program, as described in subdivision (a).

38 (2) The current rent and anticipated new rent for the
39 unit on the date of the prepayment or termination of the
40 federal program.



1 (3) A statement that a copy of the notice will be sent
2 to the city or county, or city and county, where the
3 assisted housing development is located, to the
4 appropriate local public housing authority, if any, and to
5 the Department of Housing and Community
6 Development.

7 (4) A statement of the possibility that the housing may
8 remain in the federal program after the proposed date of
9 subsidy termination or prepayment if the owner elects to
10 do so under the terms of the federal government's offer.

11 (5) A statement of the owner's intention to participate
12 in any current replacement federal subsidy program
13 made available to the affected tenants.

14 (6) The name and telephone number of the city,
15 county, or city and county, the appropriate local public
16 housing authority, if any, the Department of Housing and
17 Community Development, and a legal services
18 organization, that can be contacted to request additional
19 written information about an owner's responsibilities and
20 the rights and options of an affected tenant.

21 (c) (1) The notice shall also be filed at the same time
22 with the mayor of the city in which the assisted housing
23 development is located, or if located in an unincorporated
24 area with the chairperson of the board of supervisors of
25 the county, with the appropriate local public housing
26 authority, if any, and with the Department of Housing
27 and Community Development.

28 (2) In addition to the information provided in the
29 notice to the affected tenant, the notice to the mayor or
30 chairman of the board of supervisors, the appropriate
31 local public housing authority, if any, and the
32 Department of Housing and Community Development
33 shall contain information regarding the number of
34 affected tenants in the project, the number of units that
35 are government assisted and the type of assistance, the
36 number of the units that are not government assisted, the
37 number of bedrooms in each unit that is government
38 assisted, and the ages, income, and ethnic or racial
39 categories of the affected tenants. The notice shall briefly
40 describe the owner's plans for the project, including any



1 timetables or deadlines for actions to be taken and
2 specific governmental approvals that are required to be
3 obtained, the reason the owner seeks to terminate the
4 subsidy contract or prepay the mortgage, and any
5 contacts the owner has made or is making with other
6 governmental agencies or other interested parties in
7 connection with the notice. The information contained in
8 the notice shall be based on data that is reasonably
9 available from existing written tenant and project
10 records.

11 (d) This section shall not require the owner to obtain
12 or acquire additional information that is not contained in
13 the existing tenant and project records. The owner shall
14 not be held liable for any inaccuracies contained in these
15 records or from other sources.

16 (e) For purposes of this section, service of the notice
17 to the affected tenants, the city or county, the city and
18 county, the appropriate local public housing authority, if
19 any, and the Department of Housing and Community
20 Development by the owner pursuant to subdivisions (b)
21 and (c) shall be made by first-class mail postage prepaid.

22 (f) Nothing in this section shall enlarge or diminish the
23 authority, if any, that a city, county, city and county,
24 affected tenant, or owner may have, independent of this
25 section.

26 ~~(g) An owner who fails to comply with this section~~
27 ~~shall continue in the current federal program until~~
28 ~~compliance is achieved, subject to the federal~~
29 ~~government's offer of continued participation on similar~~
30 ~~or equivalent terms after a scheduled expiration of an~~
31 ~~existing subsidy contract. This section may be enforced~~
32 ~~either at law or in equity by any person or entity entitled~~
33 ~~to receive notice under this section or by any other person~~
34 ~~adversely affected by an owner's failure to comply with~~
35 ~~this section.~~

36 ~~(h)~~

37 (g) This section shall remain in effect only until
38 January 1, 2002, and as of that date is repealed, unless a



1 later enacted statute, which is enacted on or before
2 January 1, 2002, deletes or extends that date.

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