

AMENDED IN ASSEMBLY JANUARY 3, 2000

CALIFORNIA LEGISLATURE—1999–2000 REGULAR SESSION

**ASSEMBLY BILL**

**No. 943**

**Introduced by Assembly Member Dutra**

February 25, 1999

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~~An act to amend Section 8869.84 of the Government Code, relating to the California Debt Limitation Allocation Committee. An act to repeal Sections 8855.5, 8855.7, and 8855.8 of the Government Code, and to amend Sections 33760, 34312.3, and 52097.5 of, and to repeal Section 52045 of, the Health and Safety Code, relating to housing.~~

LEGISLATIVE COUNSEL'S DIGEST

AB 943, as amended, Dutra. ~~California Debt Limitation Allocation Committee~~ *Mortgage revenue bonds: reports.*

*Existing law requires public agencies and nonprofit corporations that issue mortgage revenue bonds to file specified reports with the California Debt Advisory Commission. No public agency or nonprofit corporation subject to this requirement may issue any bonds subject to the requirement until the Treasurer certifies that the public agency or nonprofit corporation has filed the information with the commission. The commission is required to compile and summarize the information contained in the reports and issue that summary to the Legislature and the Legislative Analyst.*

*This bill would repeal these provisions.*

~~Existing law establishes in state government the California Debt Limitation Allocation Committee with specified~~

members. The committee is required to determine for each calendar year the state ceiling on private activity bonds, as those terms are defined, and perform other related duties.

This bill would make a technical, nonsubstantive change in these provisions:

Vote: majority. Appropriation: no. Fiscal committee: ~~no~~ yes. State-mandated local program: no.

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

1     ~~SECTION 1. Section 8869.84 of the Government~~  
2     ~~SECTION 1. Section 8855.5 of the Government Code~~  
3     ~~is repealed.~~  
4     ~~8855.5. (a) (1) Any redevelopment agency which~~  
5     ~~issues revenue bonds to finance residential construction~~  
6     ~~pursuant to Chapter 7.5 (commencing with Section~~  
7     ~~33740) or Chapter 8 (commencing with Section 33750) of~~  
8     ~~Part 1 of Division 24 of the Health and Safety Code, (2)~~  
9     ~~any housing authority which issues revenue bonds to~~  
10    ~~finance housing developments or residential structures~~  
11    ~~pursuant to the Housing Authorities Law, Chapter 1~~  
12    ~~(commencing with Section 34200) of Part 2 of Division 24~~  
13    ~~of the Health and Safety Code, (3) any local agency which~~  
14    ~~issues bonds to finance residential rehabilitation pursuant~~  
15    ~~to the Marks-Foran Residential Rehabilitation Act of 1973~~  
16    ~~(Part 13 (commencing with Section 37910), Division 24,~~  
17    ~~Health and Safety Code), (4) any city or county which~~  
18    ~~issues bonds for purposes of a home financing program~~  
19    ~~carried on pursuant to Chapter 1 (commencing with~~  
20    ~~Section 52000) to Chapter 6 (commencing with Section~~  
21    ~~52060), inclusive, of Part 5 of Division 31 of the Health and~~  
22    ~~Safety Code or for purposes of financing the construction,~~  
23    ~~acquisition, or development of multifamily rental housing~~  
24    ~~pursuant to Chapter 7 (commencing with Section 52075)~~  
25    ~~or Chapter 8 (commencing with Section 52100) of Part 5~~  
26    ~~of Division 31 of the Health and Safety Code, (5) any local~~  
27    ~~agency, including any charter city or city and county, that~~  
28    ~~issues revenue bonds to finance the purchase,~~  
29    ~~construction, or rehabilitation of housing pursuant to any~~  
30    ~~statute or under the authority of its charter, and (6) any~~



1 nonprofit corporation that has qualified under Section  
2 501(c)(3) of the federal Internal Revenue Code and  
3 which issues indebtedness for which the interest is  
4 exempt from federal income taxation to finance the  
5 purchase, construction, or rehabilitation of housing in this  
6 state, shall report to the California Debt Advisory  
7 Commission the incomes, family size, and rents or  
8 mortgage payments of the occupants; the number, size,  
9 cost, sales price, location by zip code, and geographical  
10 distribution of the units developed; the length of time the  
11 units are required to be held for occupancy by targeted  
12 income groups, and, if applicable, the number of years the  
13 units are required to be held as rentals; and the  
14 distribution of housing developments among for-profit,  
15 limited dividend, and nonprofit sponsors. For the  
16 purposes of this section, “nonprofit sponsors” includes  
17 public agencies.

18 (b) The information required to be reported by  
19 subdivision (a) shall be reported at least annually during  
20 the time that a percentage of the units are required to be  
21 occupied by, or made available to, persons or families  
22 within a particular income group. The report required by  
23 subdivision (a) shall only apply to housing units financed  
24 with the proceeds of bonds that are authorized to be  
25 issued, and which are issued, on and after January 1, 1985,  
26 pursuant to any of the provisions described in subdivision  
27 (a) or implementing provisions supplementary thereto,  
28 such as the authorizations contained in Chapter 5  
29 (commencing with Section 6500) of Division 7 of Title 1.  
30 For purposes of this section, “bonds” means any bonds,  
31 notes, interim certificates, debentures, or other  
32 obligations issued under the authority of any of the  
33 provisions, or as otherwise, described in subdivision (a);  
34 and “issues” includes the issuance of bonds to refund  
35 previously issued bonds pursuant to the statutory  
36 provisions authorizing the original issuance or pursuant  
37 to supplementary authorization, such as Article 10  
38 (commencing with Section 53570) of Chapter 3 of Part 1  
39 of Division 2 of Title 5.



1 The redevelopment agency, housing authority, local  
2 agency, or city and county may charge a fee to the  
3 recipient of agency financing not to exceed the cost of  
4 making the reports required by this section.

5 *SEC. 2. Section 8855.7 of the Government Code is*  
6 *repealed.*

7 ~~8855.7. (a) The reports required by Section 8855.5~~  
8 ~~shall also contain an analysis by the reporting agency of~~  
9 ~~compliance with the targeting requirements of~~  
10 ~~subsection (d) of Section 142 of the Internal Revenue~~  
11 ~~Code of 1986 (26 U.S.C. Sec. 142) with respect to any issue~~  
12 ~~of its bonds subject to those requirements for the federal~~  
13 ~~tax exemption under Section 103 of the Internal Revenue~~  
14 ~~Code of 1986 (26 U.S.C. Sec. 103). The analysis shall~~  
15 ~~identify the numbers of rental units subject to this~~  
16 ~~reporting requirement by categories based on the~~  
17 ~~number of bedrooms per unit, and shall report as to each~~  
18 ~~of these categories.~~

19 ~~(b) No public agency or nonprofit corporation subject~~  
20 ~~to the reporting requirements of Section 8855.5 may issue~~  
21 ~~any bonds, including bonds to refund previously issued~~  
22 ~~bonds, subject to the reporting requirements of that~~  
23 ~~section until the Treasurer certifies that the public~~  
24 ~~agency or nonprofit corporation has filed the information~~  
25 ~~required by Section 8855.5 and this section with the~~  
26 ~~California Debt Advisory Commission.~~

27 *SEC. 3. Section 8855.8 of the Government Code is*  
28 *repealed.*

29 ~~8855.8. The commission shall compile and summarize~~  
30 ~~the information reported to the commission pursuant to~~  
31 ~~Section 8855.5 and issue that summary to the Legislature~~  
32 ~~and the Legislative Analyst on or before November 1 of~~  
33 ~~each year that the information is received by the~~  
34 ~~commission. This summary shall also list any~~  
35 ~~redevelopment agency, housing authority, local agency,~~  
36 ~~city, and county which issued bonds under the authority~~  
37 ~~of any of the programs specified in subdivision (a) of~~  
38 ~~Section 8855.5 without first obtaining a certification from~~  
39 ~~the Treasurer required pursuant to Section 33760,~~  
40 ~~34312.3, 52097.5, or 52045 of the Health and Safety Code.~~



1 SEC. 4. Section 33760 of the Health and Safety Code  
2 is amended to read:

3 33760. (a) Within its territorial jurisdiction, an  
4 agency may determine the location and character of any  
5 residential construction to be financed under this chapter  
6 and may make mortgage or construction loans to  
7 participating parties through qualified mortgage lenders,  
8 or purchase mortgage or construction loans without  
9 premium made by qualified mortgage lenders to  
10 participating parties, or make loans to qualified mortgage  
11 lenders, for financing any of the following:

12 (1) Residential construction within a redevelopment  
13 project area.

14 (2) Residential construction of residences in which the  
15 dwelling units are committed, for the period during  
16 which the loan is outstanding, for occupancy by persons  
17 or families who are eligible for financial assistance  
18 specifically provided by a governmental agency for the  
19 benefit of occupants of the residence.

20 (3) To the extent required by Section 103A of Title 26  
21 of the United States Code, as amended, to maintain the  
22 exemption from federal income taxes of interest on bonds  
23 or notes issued by the agency under this chapter,  
24 residences located within targeted areas, as defined by  
25 Section 103(b)(12)(A) of Title 26 of the United States  
26 Code. Any loans to qualified mortgage lenders shall be  
27 made under terms and conditions ~~which~~ *that*, in addition  
28 to other provisions as determined by the agency, shall  
29 require the qualified mortgage lender to use all of the net  
30 proceeds thereof, directly or indirectly, for the making of  
31 mortgage loans or construction loans in an appropriate  
32 principal amount equal to the amount of the net  
33 proceeds. Those mortgage loans may, but need not, be  
34 insured.

35 (b) (1) Not less than 20 percent (15 percent in target  
36 areas) of the units in any residential project financed  
37 pursuant to this section on or after January 1, 1986, shall  
38 be occupied by, or made available to, individuals of low  
39 and moderate income, as defined by Section  
40 103(b)(12)(C) of Title 26 of the United States Code. If the



1 sponsor elects to establish a base rent for units reserved  
2 for lower income households, the base rents shall be  
3 adjusted for household size, as determined pursuant to  
4 Section 8 of the United States Housing Act of 1937 (42  
5 U.S.C. Sec. 1437f), or its successor, for a family of one  
6 person in the case of a studio unit, two persons in the case  
7 of a one-bedroom unit, three persons in the case of a  
8 two-bedroom unit, four persons in the case of a  
9 three-bedroom unit, and five persons in the case of a  
10 four-bedroom unit.

11 (2) Not less than one-half of the units described in  
12 paragraph (1) shall be occupied by, or made available to,  
13 very low income households, as defined by Section 50105.  
14 The rental payments for those units paid by the persons  
15 occupying the units (excluding any supplemental rental  
16 assistance from the state, the federal government, or any  
17 other public agency to those persons or on behalf of those  
18 units) shall not exceed the amount derived by  
19 multiplying 30 percent times 50 percent of the median  
20 adjusted gross income for the area, adjusted for family  
21 size, as determined pursuant to Section 8 of the United  
22 States Housing Act of 1937 (42 U.S.C. Sec. 1437f), or its  
23 successor, for a family of one person in the case of a studio  
24 unit, two persons in the case of a one-bedroom unit, three  
25 persons in the case of a two-bedroom unit, four persons  
26 in the case of a three-bedroom unit, and five persons in  
27 the case of a four-bedroom unit.

28 ~~(c) No agency may issue any bonds on or after January~~  
29 ~~1, 1986, until the information required to be filed pursuant~~  
30 ~~to Section 8855.5 of the Government Code has been filed~~  
31 ~~with the California Debt Advisory Commission and the~~  
32 ~~Treasurer certifies to the Legislature that the agency has~~  
33 ~~filed that information.~~

34 ~~(d) Units required to be reserved for occupancy as~~  
35 ~~provided in subdivision (b) and financed with the~~  
36 ~~proceeds of bonds issued on or after January 1, 1986, shall~~  
37 ~~remain occupied by, or made available to, those persons~~  
38 ~~until the bonds are retired.~~

39 ~~(e)~~



1 (d) This section shall become operative January 1,  
2 1996.

3 *SEC. 5. Section 34312.3 of the Health and Safety Code*  
4 *is amended to read:*

5 34312.3. (a) Subject to the requirements of this  
6 section and of Article 5 (commencing with Section  
7 34350), an authority may do any of the following:

8 (1) Issue revenue bonds for the purpose of financing  
9 the acquisition, construction, rehabilitation, refinancing,  
10 or development of multifamily rental housing and for the  
11 provision of capital improvements in connection with  
12 and determined necessary to the multifamily rental  
13 housing.

14 (2) Make or undertake commitments to make  
15 construction loans and mortgage loans to finance the  
16 acquisition, construction, rehabilitation, refinancing, or  
17 development of multifamily rental housing.

18 (3) Purchase or undertake, directly or indirectly  
19 through lending institutions, commitments to purchase,  
20 construction loans, and mortgage loans originated in  
21 accordance with a financing agreement with the  
22 authority to finance the acquisition, construction,  
23 rehabilitation, refinancing, or development of  
24 multifamily rental housing or make loans to lending  
25 institutions under terms and conditions which, in  
26 addition to other provisions determined by the authority,  
27 shall require the lending institutions to use the net  
28 proceeds of the loans for the making, directly or  
29 indirectly, of construction loans or mortgage loans to  
30 finance the acquisition, construction, rehabilitation,  
31 refinancing, or development of multifamily rental  
32 housing.

33 (b) An authority may develop, rehabilitate, or finance  
34 housing projects or participate in the development,  
35 rehabilitation, or financing of housing projects; or  
36 purchase, sell, lease, own, operate, or manage housing  
37 projects so assisted, subject to all of the requirements of  
38 this section.

39 So long as the proceeds of any sale, lease, or other  
40 disposition of real property, net of the cost of sale, are to



1 be used directly to assist a housing project pursuant to this  
2 section for persons of low income, and the funds in any  
3 trust fund established pursuant to subdivision (f) are used  
4 directly to assist housing units for persons of very low  
5 income, an authority may, after a public hearing, sell,  
6 lease, or otherwise dispose of the real property without  
7 complying with any provision of law concerning  
8 disposition of surplus property, including, but not limited  
9 to, Sections 34315.5 and 34315.7.

10 An authority may convey surplus lands it acquires from  
11 another public agency to a nonprofit or private developer  
12 for development of single-family homes where the  
13 development will provide for home ownership for  
14 persons and families of low or moderate income, as  
15 defined in Section 50093. This conveyance shall be after  
16 a public hearing. With the exception of subdivisions (b),  
17 (c), and (d) of Section 34315.7, the conveyance need not  
18 comply with any law concerning the disposition of surplus  
19 properties, including, but not limited to, Section 34315.5  
20 or subdivision (a) of Section 34315.7. The proceeds of any  
21 sale or other disposition of surplus land, net of the cost of  
22 sale, shall be used to assist a housing project pursuant to  
23 this section for persons of low income.

24 (c) (1) (A) Not less than 20 percent of all units in  
25 housing projects assisted by an authority pursuant to this  
26 section shall be available for occupancy on a priority basis  
27 to persons of low income. In the case of housing projects  
28 located within a targeted area, as defined by Section  
29 103(b)(12)(A) of Title 26 of the United States Code, not  
30 less than 15 percent of all units in ~~such~~ *those* housing  
31 projects assisted pursuant to this section shall be for  
32 occupancy on a priority basis by persons of low income.

33 (B) If the sponsor elects to establish a base rent for  
34 units reserved for lower income households, the base  
35 rents shall be adjusted for household size, as determined  
36 pursuant to Section 8 of the United States Housing Act of  
37 1937 (42 U.S.C. Sec. 1437f), or its successor, for a family of  
38 one person in the case of a studio unit, two persons in the  
39 case of a one-bedroom unit, three persons in the case of  
40 a two-bedroom unit, four persons in the case of a



1 three-bedroom unit, and five persons in the case of a  
2 four-bedroom unit.

3 (2) (A) Not less than one-half of the units required to  
4 be available for occupancy pursuant to paragraph (1) and  
5 financed with any bonds issued on or after January 1, 1986,  
6 shall be occupied by, or made available to, very low  
7 income households, as defined by Section 50105.

8 (B) The rental payments for those units paid by the  
9 persons occupying the units (excluding any  
10 supplemental rental assistance from the state, the federal  
11 government, or any other public agency to those persons  
12 or on behalf of those units) shall not exceed the amount  
13 derived by multiplying 30 percent times 50 percent of the  
14 median adjusted gross income for the area, adjusted for  
15 family size, as determined pursuant to Section 8 of the  
16 United States Housing Act of 1937 (42 U.S.C. Sec. 1437f),  
17 or its successor, for a family of one person in the case of  
18 a studio unit, two persons in the case of a one-bedroom  
19 unit, three persons in the case of a two-bedroom unit, four  
20 persons in the case of a three-bedroom unit, and five  
21 persons in the case of a four-bedroom unit.

22 (3) Any indebtedness incurred pursuant to a  
23 mortgage loan financed under the terms of this chapter  
24 shall be subject to acceleration and the balance owing  
25 declared immediately due and payable upon any sale of  
26 an owner-occupied residence to a purchaser who does not  
27 meet the required qualifications for borrowers as  
28 established by the authority.

29 (4) The authority shall require the owners of housing  
30 projects assisted pursuant to this section to accept as  
31 tenants, on the same basis as all other prospective tenants,  
32 in the units reserved for very low income households, any  
33 very low income households who are recipients of federal  
34 certificates for rent subsidies pursuant to the existing  
35 program under Section 8 of the United States Housing  
36 Act of 1937 (42 U.S.C. Sec. 1437f), or its successor. The  
37 authority shall not permit a selection criteria to be  
38 applied to Section 8 certificate holders that is any more  
39 burdensome than the criteria applied to all other  
40 prospective tenants.



1 (5) No resident in housing units assisted pursuant to  
2 this section shall be denied continued occupancy or  
3 ownership because, after admission, the resident's family  
4 income increases to exceed the eligibility level. However,  
5 the authority shall ensure that percentage requirements  
6 of this section shall continue to be met by providing the  
7 next available unit or units to persons of low income or by  
8 taking other actions to satisfy the percentage  
9 requirements of this section.

10 (6) In determining whether the percentage  
11 requirements of subdivision (c) have been achieved, the  
12 following terms and conditions shall be applied:

13 (A) The requirement that 20 percent or 15 percent, as  
14 the case may be, of the housing units assisted by an  
15 authority pursuant to this section shall be available on a  
16 priority basis to, or occupied by, households whose  
17 adjusted gross income does not exceed the applicable  
18 limits prescribed by subdivision (c) shall apply to the  
19 aggregate number of units assisted by an authority  
20 pursuant to this section.

21 (B) This section applies only to housing units first  
22 assisted after January 1, 1983, and the percentage  
23 requirements of subdivision (c) shall be complied with by  
24 January 1, 1986, and on January 1 of each even-numbered  
25 year thereafter.

26 (C) The percentage requirements of subdivision (c)  
27 shall be achieved within each of the following categories:  
28 (1) rental housing developments; (2) homeownership  
29 developments; and (3) rehabilitation financing. Housing  
30 units provided by rehabilitation financing shall not be  
31 counted within either of the first two categories.

32 (d) Units required to be reserved for occupancy by  
33 subdivision (c) and financed with the proceeds of bonds  
34 issued on or after January 1, 1986, shall remain occupied  
35 by, or made available to, those persons until the bonds are  
36 retired.

37 ~~(e) No housing authority may issue any bonds on or~~  
38 ~~after January 1, 1986, until the information required to be~~  
39 ~~filed pursuant to Section 8855.5 of the Government Code~~  
40 ~~has been filed with the California Debt Advisory~~



1 ~~Commission and the Treasurer certifies to the~~  
2 ~~Legislature that the housing authority has filed that~~  
3 ~~information.~~

4 ~~(f)~~ Multifamily rental housing financed pursuant to  
5 this section shall not be subject to the requirements of  
6 subparagraph (B) of paragraph (1) and paragraph (2) of  
7 subdivision (c), and the requirements of subdivision (d),  
8 if all of the following requirements are fulfilled:

9 (1) The housing authority offers each tenant a  
10 homeownership opportunity when the bonds are retired.

11 (2) A special trust fund or account which is funded  
12 with bond issuance proceeds or developer contributions,  
13 or both, is established no later than the time that the  
14 multifamily rental housing is first occupied. The initial  
15 funding of the account shall be no less than 5 percent of  
16 the face value of the bonds issued for the multifamily  
17 rental housing project. Upon repayment of the bonds,  
18 these funds, and all interest accruing thereon, less any  
19 amounts necessary to pay outstanding claims, shall be  
20 used to assist housing units for persons of very low income.

21 (3) The requirements of subparagraph (A) of  
22 paragraph (1) and subparagraph (A) of paragraph (2) of  
23 subdivision (c) shall remain in effect for the periods  
24 required by Section 103(b)(12)(B) of Title 26 of the  
25 United States Code.

26 ~~(g)~~

27 (f) It is the intent of the Legislature, and the  
28 Legislature declares, that housing authorities are the local  
29 entities with primary responsibility for providing housing  
30 for low-income and very low income households within  
31 their jurisdictions. However, recognizing that housing  
32 projects only for low-income households cannot be  
33 adequately assisted or developed with currently available  
34 funds, and that excess funds from housing projects  
35 assisted pursuant to this section can be utilized to further  
36 assist in the provision of housing for lower income  
37 households, it is the intent of the Legislature that the  
38 authorization of this section is to be used to enhance and  
39 supplement the traditional housing authority role of  
40 providing housing only for low-income households.



1 ~~(h)~~

2 (g) This section shall become operative January 1,  
3 1996.

4 *SEC. 6. Section 52045 of the Health and Safety Code*  
5 *is repealed.*

6 ~~52045. No city, county, or city and county may issue~~  
7 ~~any bonds until any information required to be filed~~  
8 ~~pursuant to Section 8855.5 of the Government Code has~~  
9 ~~been filed with the California Debt Advisory Commission~~  
10 ~~and the Treasurer certifies to the Legislature that the~~  
11 ~~city, county, or city and county has filed that information.~~

12 *SEC. 7. Section 52097.5 of the Health and Safety Code*  
13 *is amended to read:*

14 52097.5. (a) At least 30 days prior to issuing bonds  
15 pursuant to this chapter, a charter provision, or an  
16 ordinance for the purposes specified in Section 52097, an  
17 issuer shall notify the Mortgage Bond and Tax Credit  
18 Allocation Committee in writing that the issuer intends  
19 to issue bonds pursuant to this chapter or ~~such~~ that other  
20 authority. The notification shall specify the amount of  
21 bonds expected to be issued, the development or  
22 developments to be financed, and the development or  
23 developments, if any, that are subject to the restriction on  
24 occupancy described in subdivision (d). The Mortgage  
25 Bond and Tax Credit Allocation Committee shall advise  
26 the issuer of the aggregate amount of bonds previously  
27 issued in the calendar year pursuant to this chapter,  
28 charter provisions, or ordinances.

29 (b) An issuer shall certify to the Mortgage Bond and  
30 Tax Credit Allocation Committee, at the time of filing the  
31 notification of intent to issue, that it has in an escrow  
32 specifically established for the purpose, an amount equal  
33 to 1 percent of the amount of bonds expected to be issued  
34 for developments other than developments to be owned  
35 by nonprofit or public entities. To the extent that bonds  
36 are not issued for the development or developments  
37 before the later of the end of the calendar year in which  
38 the notification of intent was filed or the passage of nine  
39 months during which amounts were available for the  
40 issuance under subdivision (d), a pro rata proportion of



1 the amount in the escrow shall be forwarded to the  
2 Mortgage Bond and Tax Credit Allocation Committee for  
3 immediate deposit in the Rental Housing Construction  
4 Fund established pursuant to Section 50740. To the extent  
5 that bonds are issued for the development or  
6 developments, or notwithstanding the preceding  
7 sentence, are not issued during the periods specified in  
8 the preceding sentence for reasons beyond the control of  
9 the issuer or the developer, as determined by the issuer,  
10 the amount in escrow may be released by the issuer to the  
11 appropriate person or entity and not forwarded to the  
12 committee for deposit in that fund.

13 (c) Within five days, exclusive of weekends and  
14 holidays, of the issuance of bonds pursuant to this chapter,  
15 a charter provision, or a ordinance for the purposes  
16 specified in Section 52097, the city, county, or city and  
17 county shall notify the Mortgage Bond and Tax Credit  
18 Allocation Committee of the amount of the bonds issued.

19 (d) The maximum aggregate amount of bonds ~~which~~  
20 *that* may be issued pursuant to this chapter, charter  
21 provisions, or ordinances for the purposes specified in  
22 Section 52097, shall not exceed one billion five hundred  
23 million dollars (\$1,500,000,000) in any calendar year.

24 (e) Multifamily rental housing development financed,  
25 or for which financing has been extended or committed,  
26 pursuant to this chapter from the proceeds of sale of each  
27 bond issue shall at all times during the qualified project  
28 period meet the requirement of paragraph (1) or (2),  
29 whichever is elected by the issuer at the time of issuance  
30 of the issue for each development:

31 (1) Twenty percent or more of the residential units in  
32 the development shall be occupied by individuals whose  
33 income is 50 percent or less of area median income.

34 (2) Forty percent or more of the residential units in  
35 the development shall be occupied by individuals whose  
36 income is 60 percent or less of area median income.

37 As used in this subdivision, “qualified project period,”  
38 “income,” and “area median income” shall have the  
39 meanings specified in, and shall be determined in  
40 accordance with the provisions of, subsection (d) of



1 Section 142 of the Internal Revenue Code of 1986, as  
 2 amended, and United States Treasury regulations and  
 3 rulings promulgated pursuant thereto.

4 With respect to a development for which the issuer has  
 5 elected to meet the requirement of paragraph (1), the  
 6 rental payments paid by the occupants of the units  
 7 meeting the requirement of paragraph (2) (excluding  
 8 any supplemental rental assistance from the state, the  
 9 federal government, or any other public agency to those  
 10 occupants or on behalf of those units) shall not exceed 30  
 11 percent of 50 percent of area median income.

12 With respect to a development for which the issuer has  
 13 elected to meet the requirement of paragraph (2), the  
 14 rental payments paid by the occupants of the units  
 15 meeting the requirement of paragraph (2) (excluding  
 16 any supplemental rental assistance from the state, the  
 17 federal government, or any other public agency to those  
 18 occupants or on behalf of those units) shall not exceed 30  
 19 percent of 60 percent of median income.

20 ~~(f) No city, county, or city and county may issue any~~  
 21 ~~bonds until any information required to be filed pursuant~~  
 22 ~~to Section 8855.5 of the Government Code has been filed~~  
 23 ~~with the California Debt Advisory Commission and the~~  
 24 ~~Treasurer certifies to the Legislature that the city,~~  
 25 ~~county, or city and county has filed that information.~~  
 26 ~~Section 52098 shall not apply to bonds issued on or after~~  
 27 ~~January 1, 1986.~~

28 Code is amended to read:

29 ~~8869.84. (a) The committee shall, as soon as is~~  
 30 ~~practicable after the start of each calendar year,~~  
 31 ~~determine and announce the state ceiling for the~~  
 32 ~~calendar year.~~

33 ~~(b) The entire state ceiling for each calendar year is~~  
 34 ~~hereby allocated to the committee to further allocate to~~  
 35 ~~state and local agencies as provided in this chapter.~~

36 ~~(c) The committee shall prepare application forms~~  
 37 ~~and announce procedures for receipt and review of~~  
 38 ~~applications from state and local agencies desiring to issue~~  
 39 ~~private activity bonds.~~



1 ~~(d) The committee may at any time, before or after~~  
2 ~~granting any allocations in any calendar year to any state~~  
3 ~~agencies or local agencies, announce the priorities or~~  
4 ~~reservations of any part of the state ceiling not~~  
5 ~~theretofore allocated either for certain categories of~~  
6 ~~bonds or categories of issuers.~~

7 ~~(e) The committee may require any issuer making an~~  
8 ~~application to the committee or MBTCAC for allocation~~  
9 ~~of a portion of the state ceiling to make a deposit, as~~  
10 ~~determined by the committee, of up to 1 percent of the~~  
11 ~~portion requested. If an allocation is not given, the deposit~~  
12 ~~shall be returned. If an allocation is given, the deposit~~  
13 ~~shall be kept (in proportion to the amount of allocation~~  
14 ~~given) until bonds are issued. Upon that issuance, the~~  
15 ~~deposit shall be returned to the issuer in an amount equal~~  
16 ~~to the product of (1) the amount of the deposit retained~~  
17 ~~times (2) the ratio between the amount of bonds issued~~  
18 ~~divided by the amount of allocation granted. If no bonds~~  
19 ~~are issued prior to the expiration of the allocation, the~~  
20 ~~deposit shall be kept, unless the committee determines~~  
21 ~~there is good cause to return all or part of the deposit. Any~~  
22 ~~portion of a deposit kept shall be deposited in the fund.~~

23 ~~(f) The committee may transfer part of the state~~  
24 ~~ceiling to the MBTCAC, to be used for qualified mortgage~~  
25 ~~bonds and exempt facility bonds, as those terms are used~~  
26 ~~in the Internal Revenue Code, for qualified residential~~  
27 ~~rental projects, as those terms are used in the Internal~~  
28 ~~Revenue Code, (together referred to as “housing~~  
29 ~~bonds”), with directions and conditions pursuant to~~  
30 ~~which MBTCAC may allocate those amounts to issuers of~~  
31 ~~housing bonds at both the state and local level. In carrying~~  
32 ~~out these functions, MBTCAC shall act solely as directed~~  
33 ~~or authorized by the committee. If the committee makes~~  
34 ~~the transfer to MBTCAC authorized by this subdivision,~~  
35 ~~the references in Sections 8869.85, 8869.86, 8869.87, and~~  
36 ~~8869.88 to the “committee” shall, for purposes of any~~  
37 ~~housing bonds, be deemed to mean MBTCAC.~~

