

AMENDED IN SENATE MARCH 9, 2000
AMENDED IN SENATE MARCH 2, 2000
AMENDED IN ASSEMBLY JANUARY 3, 2000

CALIFORNIA LEGISLATURE—1999–2000 REGULAR SESSION

ASSEMBLY BILL

No. 943

**Introduced by Assembly Member Dutra
(Principal coauthor: Assembly Member Steinberg)**

February 25, 1999

An act to amend Section 8855 of ~~the Government Code~~, and 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 the California Debt and Investment Advisory Commission.

LEGISLATIVE COUNSEL'S DIGEST

AB 943, as amended, Dutra. California Debt and Investment Advisory Commission.

(1) Existing law establishes a 9-member California Debt and Investment Advisory Commission and prescribes the duties of that commission, including the requirement that the commission collect, maintain, and provide comprehensive information on all state and all local debt authorization, sold and outstanding. It requires the commission to prepare an annual report compiling and detailing the total amount of outstanding state and local public debt and examining recent trends in the composition of that debt.

Existing law requires the treasurer or chief fiscal officer of a local agency to render annually a statement of investment policy to the legislative body of the local agency, as well as to any oversight committee. This officer is also required to render quarterly reports regarding the financial assets of the local agency to the legislative body, the chief executive officer, and the internal auditor.

This bill would additionally require each city, county, or city and county to submit copies of its 2nd and 4th quarterly reports, as well as the statement of investment policy, to the California Debt and Investment Advisory Commission. These reporting requirements would impose new duties on local agencies and therefore would impose a state-mandated local program.

This bill would require the commission to collect, maintain, and provide information on local agency investments of public funds and to receive local government investor portfolio information. It would also require the commission to report to the Legislature by May 1, 2006, its activities since the inception of the local agency investment reporting program.

(2) 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.

(3) The California Constitution requires the state to reimburse local agencies and school districts for certain costs mandated by the state. Statutory provisions establish procedures for making that reimbursement, including the creation of a State Mandates Claims Fund to pay the costs of mandates that do not exceed \$1,000,000 statewide and other procedures for claims whose statewide costs exceed \$1,000,000.



This bill would provide that, if the Commission on State Mandates determines that the bill contains costs mandated by the state, reimbursement for those costs shall be made pursuant to these statutory provisions.

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

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

1 SECTION 1. Section 8855 of the Government Code is
2 amended to read:

3 8855. (a) There is created the California Debt and
4 Investment Advisory Commission, consisting of nine
5 members, selected as follows:

6 (1) The Treasurer, or his or her designee.

7 (2) The Governor or the Director of Finance.

8 (3) The Controller, or his or her designee.

9 (4) Two local government finance officers appointed
10 by the Treasurer, one each from among persons
11 employed by a county and by a city or a city and county
12 of this state, experienced in the issuance and sale of
13 municipal bonds and nominated by associations affiliated
14 with these agencies.

15 (5) Two Members of the Assembly appointed by the
16 Speaker of the Assembly.

17 (6) Two Members of the Senate appointed by the
18 Senate Committee on Rules.

19 (b) (1) The term of office of an appointed member is
20 four years, but appointed members serve at the pleasure
21 of the appointing power. In case of a vacancy for any
22 cause, the appointing power shall make an appointment
23 to become effective immediately for the unexpired term.

24 (2) Any legislators appointed to the commission shall
25 meet with and participate in the activities of the
26 commission to the extent that the participation is not
27 incompatible with their respective positions as Members
28 of the Legislature. For purposes of this chapter, the
29 Members of the Legislature shall constitute a joint
30 interim legislative committee on the subject of this
31 chapter.



1 (c) The Treasurer shall serve as chairperson of the
2 commission and shall preside at meetings of the
3 commission. The commission, on or after January 1, 1982,
4 and annually thereafter, shall elect from its members a
5 vice chairperson and a secretary who shall hold office
6 until the next ensuing December 31 and shall continue to
7 serve until their respective successors are elected.

8 (d) Appointed members of the commission shall not
9 receive a salary, but shall be entitled to a per diem
10 allowance of fifty dollars (\$50) for each day's attendance
11 at a meeting of the commission not to exceed three
12 hundred dollars (\$300) in any month, and
13 reimbursement for expenses incurred in the
14 performance of their duties under this chapter, including
15 travel and other necessary expenses.

16 (e) The commission shall do all of the following:

17 (1) Assist all state financing authorities and
18 commissions in carrying out their responsibilities as
19 prescribed by law, including assistance with respect to
20 federal legislation pending in Congress.

21 (2) Upon request of any state or local government
22 units, to assist them in the planning, preparation,
23 marketing, and sale of new debt issues to reduce cost and
24 to assist in protecting the issuer's credit.

25 (3) Collect, maintain, and provide comprehensive
26 information on all state and all local debt authorization,
27 sold and outstanding, and serve as a statistical
28 clearinghouse for all state and local debt issues. This
29 information shall be readily available upon request by any
30 public official or any member of the public.

31 (4) Maintain contact with state and municipal bond
32 issuers, underwriters, credit rating agencies, investors,
33 and others to improve the market for state and local
34 government debt issues.

35 (5) Undertake or commission studies on methods to
36 reduce the costs and improve credit ratings of state and
37 local issues.

38 (6) Recommend changes in state laws and local
39 practices to improve the sale and servicing of state and
40 local debts.



1 (7) Establish a continuing education program for local
2 officials having direct or supervisory responsibility over
3 municipal investments, and undertake other activities
4 conducive to the disclosure of investment practices and
5 strategies for oversight purposes.

6 (8) Collect, maintain, and provide information on
7 local agency investments of public funds for local agency
8 investment to promote the best investment practices and
9 policies.

10 (f) The city, county, or city and county investor of any
11 public funds, no later than 60 days after the close of the
12 second and fourth quarters of each calendar year, shall
13 provide the quarterly reports required pursuant to
14 Section 53646 and, no later than 60 days after the close of
15 the quarter of each calendar year and 60 days after the
16 subsequent amendment thereto, provide the statement
17 of investment policy required pursuant to Section 53646,
18 to the commission by mail, postage prepaid, or by any
19 other method approved by the commission. The
20 commission shall collect these reports to further its
21 educational responsibilities and to promote best
22 investment practices as described under subdivision (e).
23 The commission shall not be considered to have any
24 fiduciary duty with respect to any local agency income
25 report received under this subdivision. In addition, the
26 commission shall not have any legal liability with respect
27 to these investments.

28 (g) The commission may adopt bylaws for the
29 regulation of its affairs and the conduct of its business.

30 (h) The issuer of any proposed new debt issue of state
31 or local government shall, no later than 30 days prior to
32 the sale of any debt issue at public or private sale, give
33 written notice of the proposed sale to the commission, by
34 mail, postage prepaid. This subdivision shall also apply to
35 any nonprofit public benefit corporation incorporated for
36 the purpose of acquiring student loans.

37 (i) The notice shall include the proposed sale date, the
38 name of the issuer, the type of debt issue, and the
39 estimated principal amount thereof. Failure to give this
40 notice shall not affect the validity of the sale.



1 (j) The issuer of any new debt issue of state or local
2 government, not later than 45 days after the signing of the
3 bond purchase contract in a negotiated or private
4 financing, or after the acceptance of a bid in a
5 competitive offering, shall submit a report of final sale to
6 the commission by mail, postage prepaid, or by any other
7 method approved by the commission. A copy of the final
8 official statement for the issue shall accompany the report
9 of final sale. The commission may require information to
10 be submitted in the report of final sale that it considers
11 appropriate.

12 (k) The commission shall publish a monthly
13 newsletter describing and evaluating the operations of
14 the commission during the preceding month.

15 (l) The commission shall meet on the call of the
16 chairperson, or at the request of a majority of the
17 members, or at the request of the Governor. A majority
18 of all nonlegislative members of the commission
19 constitutes a quorum for the transaction of business.

20 (m) All administrative and clerical assistance required
21 by the commission shall be furnished by the office of the
22 Treasurer.

23 (n) The commission, no later than May 1, 2006, shall
24 report to the Legislature describing its activities since the
25 inception of the local agency investment reporting
26 program regarding the collection and maintenance of
27 information on local agency investment practices and
28 how the commission uses that information to fulfill its
29 statutory goals promoting the best investment practices
30 and policies.

31 SEC. 2. *Section 8855.5 of the Government Code is*
32 *repealed.*

33 ~~8855.5. (a) (1) Any redevelopment agency which~~
34 ~~issues revenue bonds to finance residential construction~~
35 ~~pursuant to Chapter 7.5 (commencing with Section~~
36 ~~33740) or Chapter 8 (commencing with Section 33750) of~~
37 ~~Part 1 of Division 24 of the Health and Safety Code, (2)~~
38 ~~any housing authority which issues revenue bonds to~~
39 ~~finance housing developments or residential structures~~
40 ~~pursuant to the Housing Authorities Law, Chapter 1~~



1 ~~(commencing with Section 34200) of Part 2 of Division 24~~
2 ~~of the Health and Safety Code, (3) any local agency which~~
3 ~~issues bonds to finance residential rehabilitation pursuant~~
4 ~~to the Marks Foran Residential Rehabilitation Act of 1973~~
5 ~~(Part 13 (commencing with Section 37910), Division 24,~~
6 ~~Health and Safety Code), (4) any city or county which~~
7 ~~issues bonds for purposes of a home financing program~~
8 ~~carried on pursuant to Chapter 1 (commencing with~~
9 ~~Section 52000) to Chapter 6 (commencing with Section~~
10 ~~52060), inclusive, of Part 5 of Division 31 of the Health and~~
11 ~~Safety Code or for purposes of financing the construction,~~
12 ~~acquisition, or development of multifamily rental housing~~
13 ~~pursuant to Chapter 7 (commencing with Section 52075)~~
14 ~~or Chapter 8 (commencing with Section 52100) of Part 5~~
15 ~~of Division 31 of the Health and Safety Code, (5) any local~~
16 ~~agency, including any charter city or city and county, that~~
17 ~~issues revenue bonds to finance the purchase,~~
18 ~~construction, or rehabilitation of housing pursuant to any~~
19 ~~statute or under the authority of its charter, and (6) any~~
20 ~~nonprofit corporation that has qualified under Section~~
21 ~~501(e)(3) of the federal Internal Revenue Code and~~
22 ~~which issues indebtedness for which the interest is~~
23 ~~exempt from federal income taxation to finance the~~
24 ~~purchase, construction, or rehabilitation of housing in this~~
25 ~~state, shall report to the California Debt Advisory~~
26 ~~Commission the incomes, family size, and rents or~~
27 ~~mortgage payments of the occupants; the number, size,~~
28 ~~cost, sales price, location by zip code, and geographical~~
29 ~~distribution of the units developed; the length of time the~~
30 ~~units are required to be held for occupancy by targeted~~
31 ~~income groups, and, if applicable, the number of years the~~
32 ~~units are required to be held as rentals; and the~~
33 ~~distribution of housing developments among for profit,~~
34 ~~limited dividend, and nonprofit sponsors. For the~~
35 ~~purposes of this section, “nonprofit sponsors” includes~~
36 ~~public agencies.~~

37 ~~(b) The information required to be reported by~~
38 ~~subdivision (a) shall be reported at least annually during~~
39 ~~the time that a percentage of the units are required to be~~
40 ~~occupied by, or made available to, persons or families~~



1 within a particular income group. The report required by
2 subdivision (a) shall only apply to housing units financed
3 with the proceeds of bonds that are authorized to be
4 issued, and which are issued, on and after January 1, 1985,
5 pursuant to any of the provisions described in subdivision
6 (a) or implementing provisions supplementary thereto,
7 such as the authorizations contained in Chapter 5
8 (commencing with Section 6500) of Division 7 of Title 1.
9 For purposes of this section, "bonds" means any bonds,
10 notes, interim certificates, debentures, or other
11 obligations issued under the authority of any of the
12 provisions, or as otherwise, described in subdivision (a),
13 and "issues" includes the issuance of bonds to refund
14 previously issued bonds pursuant to the statutory
15 provisions authorizing the original issuance or pursuant
16 to supplementary authorization, such as Article 10
17 (commencing with Section 53570) of Chapter 3 of Part 1
18 of Division 2 of Title 5.

19 The redevelopment agency, housing authority, local
20 agency, or city and county may charge a fee to the
21 recipient of agency financing not to exceed the cost of
22 making the reports required by this section.

23 *SEC. 3. Section 8855.7 of the Government Code is*
24 *repealed.*

25 8855.7. (a) The reports required by Section 8855.5
26 shall also contain an analysis by the reporting agency of
27 compliance with the targeting requirements of
28 subsection (d) of Section 142 of the Internal Revenue
29 Code of 1986 (26 U.S.C. Sec. 142) with respect to any issue
30 of its bonds subject to those requirements for the federal
31 tax exemption under Section 103 of the Internal Revenue
32 Code of 1986 (26 U.S.C. Sec. 103). The analysis shall
33 identify the numbers of rental units subject to this
34 reporting requirement by categories based on the
35 number of bedrooms per unit, and shall report as to each
36 of these categories.

37 (b) No public agency or nonprofit corporation subject
38 to the reporting requirements of Section 8855.5 may issue
39 any bonds, including bonds to refund previously issued
40 bonds, subject to the reporting requirements of that



1 ~~section until the Treasurer certifies that the public~~
2 ~~agency or nonprofit corporation has filed the information~~
3 ~~required by Section 8855.5 and this section with the~~
4 ~~California Debt Advisory Commission.~~

5 *SEC. 4. Section 8855.8 of the Government Code is*
6 *repealed.*

7 ~~8855.8. The commission shall compile and summarize~~
8 ~~the information reported to the commission pursuant to~~
9 ~~Section 8855.5 and issue that summary to the Legislature~~
10 ~~and the Legislative Analyst on or before November 1 of~~
11 ~~each year that the information is received by the~~
12 ~~commission. This summary shall also list any~~
13 ~~redevelopment agency, housing authority, local agency,~~
14 ~~city, and county which issued bonds under the authority~~
15 ~~of any of the programs specified in subdivision (a) of~~
16 ~~Section 8855.5 without first obtaining a certification from~~
17 ~~the Treasurer required pursuant to Section 33760,~~
18 ~~34312.3, 52097.5, or 52045 of the Health and Safety Code.~~

19 *SEC. 5. Section 33760 of the Health and Safety Code*
20 *is amended to read:*

21 33760. (a) Within its territorial jurisdiction, an
22 agency may determine the location and character of any
23 residential construction to be financed under this chapter
24 and may make mortgage or construction loans to
25 participating parties through qualified mortgage lenders,
26 or purchase mortgage or construction loans without
27 premium made by qualified mortgage lenders to
28 participating parties, or make loans to qualified mortgage
29 lenders, for financing any of the following:

30 (1) Residential construction within a redevelopment
31 project area.

32 (2) Residential construction of residences in which the
33 dwelling units are committed, for the period during
34 which the loan is outstanding, for occupancy by persons
35 or families who are eligible for financial assistance
36 specifically provided by a governmental agency for the
37 benefit of occupants of the residence.

38 (3) To the extent required by Section 103A of Title 26
39 of the United States Code, as amended, to maintain the
40 exemption from federal income taxes of interest on bonds



1 or notes issued by the agency under this chapter,
2 residences located within targeted areas, as defined by
3 Section 103(b)(12)(A) of Title 26 of the United States
4 Code. Any loans to qualified mortgage lenders shall be
5 made under terms and conditions ~~which~~ *that*, in addition
6 to other provisions as determined by the agency, shall
7 require the qualified mortgage lender to use all of the net
8 proceeds thereof, directly or indirectly, for the making of
9 mortgage loans or construction loans in an appropriate
10 principal amount equal to the amount of the net
11 proceeds. Those mortgage loans may, but need not, be
12 insured.

13 (b) (1) Not less than 20 percent (15 percent in target
14 areas) of the units in any residential project financed
15 pursuant to this section on or after January 1, 1986, shall
16 be occupied by, or made available to, individuals of low
17 and moderate income, as defined by Section
18 103(b)(12)(C) of Title 26 of the United States Code. If the
19 sponsor elects to establish a base rent for units reserved
20 for lower income households, the base rents shall be
21 adjusted for household size, as determined pursuant to
22 Section 8 of the United States Housing Act of 1937 (42
23 U.S.C. Sec. 1437f), or its successor, for a family of one
24 person in the case of a studio unit, two persons in the case
25 of a one-bedroom unit, three persons in the case of a
26 two-bedroom unit, four persons in the case of a
27 three-bedroom unit, and five persons in the case of a
28 four-bedroom unit.

29 (2) Not less than one-half of the units described in
30 paragraph (1) shall be occupied by, or made available to,
31 very low income households, as defined by Section 50105.
32 The rental payments for those units paid by the persons
33 occupying the units (excluding any supplemental rental
34 assistance from the state, the federal government, or any
35 other public agency to those persons or on behalf of those
36 units) shall not exceed the amount derived by
37 multiplying 30 percent times 50 percent of the median
38 adjusted gross income for the area, adjusted for family
39 size, as determined pursuant to Section 8 of the United
40 States Housing Act of 1937 (42 U.S.C. Sec. 1437f), or its



1 successor, for a family of one person in the case of a studio
2 unit, two persons in the case of a one-bedroom unit, three
3 persons in the case of a two-bedroom unit, four persons
4 in the case of a three-bedroom unit, and five persons in
5 the case of a four-bedroom unit.

6 ~~(c) No agency may issue any bonds on or after January~~
7 ~~1, 1986, until the information required to be filed pursuant~~
8 ~~to Section 8855.5 of the Government Code has been filed~~
9 ~~with the California Debt Advisory Commission and the~~
10 ~~Treasurer certifies to the Legislature that the agency has~~
11 ~~filed that information.~~

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

17 ~~(e)~~

18 (d) This section shall become operative January 1,
19 1996.

20 *SEC. 6. Section 34312.3 of the Health and Safety Code*
21 *is amended to read:*

22 34312.3. (a) Subject to the requirements of this
23 section and of Article 5 (commencing with Section
24 34350), an authority may do any of the following:

25 (1) Issue revenue bonds for the purpose of financing
26 the acquisition, construction, rehabilitation, refinancing,
27 or development of multifamily rental housing and for the
28 provision of capital improvements in connection with
29 and determined necessary to the multifamily rental
30 housing.

31 (2) Make or undertake commitments to make
32 construction loans and mortgage loans to finance the
33 acquisition, construction, rehabilitation, refinancing, or
34 development of multifamily rental housing.

35 (3) Purchase or undertake, directly or indirectly
36 through lending institutions, commitments to purchase,
37 construction loans, and mortgage loans originated in
38 accordance with a financing agreement with the
39 authority to finance the acquisition, construction,
40 rehabilitation, refinancing, or development of



1 multifamily rental housing or make loans to lending
2 institutions under terms and conditions which, in
3 addition to other provisions determined by the authority,
4 shall require the lending institutions to use the net
5 proceeds of the loans for the making, directly or
6 indirectly, of construction loans or mortgage loans to
7 finance the acquisition, construction, rehabilitation,
8 refinancing, or development of multifamily rental
9 housing.

10 (b) An authority may develop, rehabilitate, or finance
11 housing projects or participate in the development,
12 rehabilitation, or financing of housing projects; or
13 purchase, sell, lease, own, operate, or manage housing
14 projects so assisted, subject to all of the requirements of
15 this section.

16 So long as the proceeds of any sale, lease, or other
17 disposition of real property, net of the cost of sale, are to
18 be used directly to assist a housing project pursuant to this
19 section for persons of low income, and the funds in any
20 trust fund established pursuant to subdivision (f) are used
21 directly to assist housing units for persons of very low
22 income, an authority may, after a public hearing, sell,
23 lease, or otherwise dispose of the real property without
24 complying with any provision of law concerning
25 disposition of surplus property, including, but not limited
26 to, Sections 34315.5 and 34315.7.

27 An authority may convey surplus lands it acquires from
28 another public agency to a nonprofit or private developer
29 for development of single-family homes where the
30 development will provide for home ownership for
31 persons and families of low or moderate income, as
32 defined in Section 50093. This conveyance shall be after
33 a public hearing. With the exception of subdivisions (b),
34 (c), and (d) of Section 34315.7, the conveyance need not
35 comply with any law concerning the disposition of surplus
36 properties, including, but not limited to, Section 34315.5
37 or subdivision (a) of Section 34315.7. The proceeds of any
38 sale or other disposition of surplus land, net of the cost of
39 sale, shall be used to assist a housing project pursuant to
40 this section for persons of low income.



1 (c) (1) (A) Not less than 20 percent of all units in
2 housing projects assisted by an authority pursuant to this
3 section shall be available for occupancy on a priority basis
4 to persons of low income. In the case of housing projects
5 located within a targeted area, as defined by Section
6 103(b)(12)(A) of Title 26 of the United States Code, not
7 less than 15 percent of all units in ~~such~~ *those* housing
8 projects assisted pursuant to this section shall be for
9 occupancy on a priority basis by persons of low income.

10 (B) If the sponsor elects to establish a base rent for
11 units reserved for lower income households, the base
12 rents shall be adjusted for household size, as determined
13 pursuant to Section 8 of the United States Housing Act of
14 1937 (42 U.S.C. Sec. 1437f), or its successor, for a family of
15 one person in the case of a studio unit, two persons in the
16 case of a one-bedroom unit, three persons in the case of
17 a two-bedroom unit, four persons in the case of a
18 three-bedroom unit, and five persons in the case of a
19 four-bedroom unit.

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

25 (B) The rental payments for those units paid by the
26 persons occupying the units (excluding any
27 supplemental rental assistance from the state, the federal
28 government, or any other public agency to those persons
29 or on behalf of those units) shall not exceed the amount
30 derived by multiplying 30 percent times 50 percent of the
31 median adjusted gross income for the area, adjusted for
32 family size, as determined pursuant to Section 8 of the
33 United States Housing Act of 1937 (42 U.S.C. Sec. 1437f),
34 or its successor, for a family of one person in the case of
35 a studio unit, two persons in the case of a one-bedroom
36 unit, three persons in the case of a two-bedroom unit, four
37 persons in the case of a three-bedroom unit, and five
38 persons in the case of a four-bedroom unit.

39 (3) Any indebtedness incurred pursuant to a
40 mortgage loan financed under the terms of this chapter



1 shall be subject to acceleration and the balance owing
2 declared immediately due and payable upon any sale of
3 an owner-occupied residence to a purchaser who does not
4 meet the required qualifications for borrowers as
5 established by the authority.

6 (4) The authority shall require the owners of housing
7 projects assisted pursuant to this section to accept as
8 tenants, on the same basis as all other prospective tenants,
9 in the units reserved for very low income households, any
10 very low income households who are recipients of federal
11 certificates for rent subsidies pursuant to the existing
12 program under Section 8 of the United States Housing
13 Act of 1937 (42 U.S.C. Sec. 1437f), or its successor. The
14 authority shall not permit a selection criteria to be
15 applied to Section 8 certificate holders that is any more
16 burdensome than the criteria applied to all other
17 prospective tenants.

18 (5) No resident in housing units assisted pursuant to
19 this section shall be denied continued occupancy or
20 ownership because, after admission, the resident's family
21 income increases to exceed the eligibility level. However,
22 the authority shall ensure that percentage requirements
23 of this section shall continue to be met by providing the
24 next available unit or units to persons of low income or by
25 taking other actions to satisfy the percentage
26 requirements of this section.

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

30 (A) The requirement that 20 percent or 15 percent, as
31 the case may be, of the housing units assisted by an
32 authority pursuant to this section shall be available on a
33 priority basis to, or occupied by, households whose
34 adjusted gross income does not exceed the applicable
35 limits prescribed by subdivision (c) shall apply to the
36 aggregate number of units assisted by an authority
37 pursuant to this section.

38 (B) This section applies only to housing units first
39 assisted after January 1, 1983, and the percentage
40 requirements of subdivision (c) shall be complied with by



1 January 1, 1986, and on January 1 of each even-numbered
2 year thereafter.

3 (C) The percentage requirements of subdivision (c)
4 shall be achieved within each of the following categories:
5 (1) rental housing developments; (2) homeownership
6 developments; and (3) rehabilitation financing. Housing
7 units provided by rehabilitation financing shall not be
8 counted within either of the first two categories.

9 (d) Units required to be reserved for occupancy by
10 subdivision (c) and financed with the proceeds of bonds
11 issued on or after January 1, 1986, shall remain occupied
12 by, or made available to, those persons until the bonds are
13 retired.

14 ~~(e) No housing authority may issue any bonds on or~~
15 ~~after January 1, 1986, until the information required to be~~
16 ~~filed pursuant to Section 8855.5 of the Government Code~~
17 ~~has been filed with the California Debt Advisory~~
18 ~~Commission and the Treasurer certifies to the~~
19 ~~Legislature that the housing authority has filed that~~
20 ~~information.~~

21 ~~(f)~~ Multifamily rental housing financed pursuant to
22 this section shall not be subject to the requirements of
23 subparagraph (B) of paragraph (1) and paragraph (2) of
24 subdivision (c), and the requirements of subdivision (d),
25 if all of the following requirements are fulfilled:

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

28 (2) A special trust fund or account which is funded
29 with bond issuance proceeds or developer contributions,
30 or both, is established no later than the time that the
31 multifamily rental housing is first occupied. The initial
32 funding of the account shall be no less than 5 percent of
33 the face value of the bonds issued for the multifamily
34 rental housing project. Upon repayment of the bonds,
35 these funds, and all interest accruing thereon, less any
36 amounts necessary to pay outstanding claims, shall be
37 used to assist housing units for persons of very low income.

38 (3) The requirements of subparagraph (A) of
39 paragraph (1) and subparagraph (A) of paragraph (2) of
40 subdivision (c) shall remain in effect for the periods



1 required by Section 103(b)(12)(B) of Title 26 of the
 2 United States Code.

3 ~~(g)~~

4 (f) It is the intent of the Legislature, and the
 5 Legislature declares, that housing authorities are the local
 6 entities with primary responsibility for providing housing
 7 for low-income and very low income households within
 8 their jurisdictions. However, recognizing that housing
 9 projects only for low-income households cannot be
 10 adequately assisted or developed with currently available
 11 funds, and that excess funds from housing projects
 12 assisted pursuant to this section can be utilized to further
 13 assist in the provision of housing for lower income
 14 households, it is the intent of the Legislature that the
 15 authorization of this section is to be used to enhance and
 16 supplement the traditional housing authority role of
 17 providing housing only for low-income households.

18 ~~(h)~~

19 (g) This section shall become operative January 1,
 20 1996.

21 *SEC. 7. Section 52045 of the Health and Safety Code*
 22 *is repealed.*

23 ~~52045. No city, county, or city and county may issue~~
 24 ~~any bonds until any information required to be filed~~
 25 ~~pursuant to Section 8855.5 of the Government Code has~~
 26 ~~been filed with the California Debt Advisory Commission~~
 27 ~~and the Treasurer certifies to the Legislature that the~~
 28 ~~city, county, or city and county has filed that information.~~

29 *SEC. 8. Section 52097.5 of the Health and Safety Code*
 30 *is amended to read:*

31 52097.5. (a) At least 30 days prior to issuing bonds
 32 pursuant to this chapter, a charter provision, or an
 33 ordinance for the purposes specified in Section 52097, an
 34 issuer shall notify the Mortgage Bond and Tax Credit
 35 Allocation Committee in writing that the issuer intends
 36 to issue bonds pursuant to this chapter or ~~such~~ *that* other
 37 authority. The notification shall specify the amount of
 38 bonds expected to be issued, the development or
 39 developments to be financed, and the development or
 40 developments, if any, that are subject to the restriction on



1 occupancy described in subdivision (d). The Mortgage
2 Bond and Tax Credit Allocation Committee shall advise
3 the issuer of the aggregate amount of bonds previously
4 issued in the calendar year pursuant to this chapter,
5 charter provisions, or ordinances.

6 (b) An issuer shall certify to the Mortgage Bond and
7 Tax Credit Allocation Committee, at the time of filing the
8 notification of intent to issue, that it has in an escrow
9 specifically established for the purpose, an amount equal
10 to 1 percent of the amount of bonds expected to be issued
11 for developments other than developments to be owned
12 by nonprofit or public entities. To the extent that bonds
13 are not issued for the development or developments
14 before the later of the end of the calendar year in which
15 the notification of intent was filed or the passage of nine
16 months during which amounts were available for the
17 issuance under subdivision (d), a pro rata proportion of
18 the amount in the escrow shall be forwarded to the
19 Mortgage Bond and Tax Credit Allocation Committee for
20 immediate deposit in the Rental Housing Construction
21 Fund established pursuant to Section 50740. To the extent
22 that bonds are issued for the development or
23 developments, or notwithstanding the preceding
24 sentence, are not issued during the periods specified in
25 the preceding sentence for reasons beyond the control of
26 the issuer or the developer, as determined by the issuer,
27 the amount in escrow may be released by the issuer to the
28 appropriate person or entity and not forwarded to the
29 committee for deposit in that fund.

30 (c) Within five days, exclusive of weekends and
31 holidays, of the issuance of bonds pursuant to this chapter,
32 a charter provision, or a ordinance for the purposes
33 specified in Section 52097, the city, county, or city and
34 county shall notify the Mortgage Bond and Tax Credit
35 Allocation Committee of the amount of the bonds issued.

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



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

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

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

14 As used in this subdivision, “qualified project period,”
15 “income,” and “area median income” shall have the
16 meanings specified in, and shall be determined in
17 accordance with the provisions of, subsection (d) of
18 Section 142 of the Internal Revenue Code of 1986, as
19 amended, and United States Treasury regulations and
20 rulings promulgated pursuant thereto.

21 With respect to a development for which the issuer has
22 elected to meet the requirement of paragraph (1), the
23 rental payments paid by the occupants of the units
24 meeting the requirement of paragraph (2) (excluding
25 any supplemental rental assistance from the state, the
26 federal government, or any other public agency to those
27 occupants or on behalf of those units) shall not exceed 30
28 percent of 50 percent of area median income.

29 With respect to a development for which the issuer has
30 elected to meet the requirement of paragraph (2), the
31 rental payments paid by the occupants of the units
32 meeting the requirement of paragraph (2) (excluding
33 any supplemental rental assistance from the state, the
34 federal government, or any other public agency to those
35 occupants or on behalf of those units) shall not exceed 30
36 percent of 60 percent of median income.

37 ~~(f) No city, county, or city and county may issue any~~
38 ~~bonds until any information required to be filed pursuant~~
39 ~~to Section 8855.5 of the Government Code has been filed~~
40 ~~with the California Debt Advisory Commission and the~~



1 ~~Treasurer certifies to the Legislature that the city,~~
2 ~~county, or city and county has filed that information.~~
3 ~~Section 52098 shall not apply to bonds issued on or after~~
4 ~~January 1, 1986.~~

5 *SEC. 9.* Notwithstanding Section 17610 of the
6 Government Code, if the Commission on State Mandates
7 determines that this act contains costs mandated by the
8 state, reimbursement to local agencies and school
9 districts for those costs shall be made pursuant to Part 7
10 (commencing with Section 17500) of Division 4 of Title
11 2 of the Government Code. If the statewide cost of the
12 claim for reimbursement does not exceed one million
13 dollars (\$1,000,000), reimbursement shall be made from
14 the State Mandates Claims Fund.

