

AMENDED IN SENATE JUNE 8, 2016
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~~, *other agreements*, or program regulations. *The bill would require the committee to define serious violations and, except for serious violations, would require a first-time*

property owner violator to be given the opportunity to correct the violation before the fine is imposed. The bill would authorize a property owner to appeal a fine to the committee. 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

1 housing credit ceiling for a subsequent year for a housing credit
2 applicant.

3 (d) As a condition to making an allocation of the housing credit
4 ceiling or a reservation of the anticipated housing credit ceiling
5 for a subsequent year, the committee may require the housing
6 credit applicant receiving the allocation or reservation to deposit
7 with the committee an amount of money as a good-faith
8 undertaking. The committee shall adopt policies for determining
9 when deposits will be required, prescribing procedures for return
10 of deposits, and specifying the circumstances under which the
11 deposits will be forfeited in whole or in part for failure to timely
12 utilize the allocation or reservation provided to the housing credit
13 applicant.

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

25 (2) No allocations or reservations shall be made pursuant to this
26 subdivision with respect to projects that do not meet the
27 requirements of the qualified allocation plan, and no allocations
28 or reservations shall be made in amounts that do not meet the
29 requirements of paragraph (2) of subsection (m) of Section 42 of
30 Title 26 of the United States Code.

31 (3) (A) With respect to an allocation or reservation, the
32 committee may establish a schedule of fines for violations of the
33 terms and conditions, the regulatory agreement, ~~covenants~~, *other*
34 *agreements*, or program regulations. In developing the schedule
35 of fines, the committee shall establish the fines for violations in
36 an amount up to five hundred dollars (\$500) per violation or double
37 the amount of the financial gain ~~to the housing credit applicant~~
38 because of the violation, whichever is greater. ~~These~~ *Except for*
39 *serious violations, which shall be defined by the committee, a*
40 *first-time property owner violator shall be given at least 30 days*

1 *to correct the violation before a fine is imposed. A violation that*
2 *has occurred for some time prior to discovery is one violation, but*
3 *finances may be a recurring amount if the violation is not corrected*
4 *within a reasonable period of ~~time~~, time thereafter, as determined*
5 *by the committee. A property owner may appeal a fine to the*
6 *committee.*

7 (B) By resolution at a public general committee meeting, the
8 committee shall adopt and may revise the schedule of fines, which
9 shall include specific violations of the terms and conditions, the
10 regulatory agreement, ~~covenants~~, *other agreements*, or program
11 regulations and fine amounts subject to the criteria in subparagraph
12 (A).

13 (C) All fines *received by the committee* shall be deposited in
14 the Housing Rehabilitation Loan Fund established in Section
15 50661.

16 (D) If a fine *assessed against a property owner* is not paid within
17 six months from the date when the fine was initially assessed by
18 the committee and after reasonable notice has been provided to
19 ~~the housing credit applicant~~, *property owner*; the committee may
20 record a lien against the property. Consistent with Sections 1214
21 and 1215 of the Civil Code, a lien created pursuant to this
22 paragraph shall not be superior to any lien recorded prior to the
23 recording of this lien.