

ASSEMBLY BILL

No. 523

Introduced by Assembly Members Ammiano and Brown
(Principal coauthor: Senator Leno)

February 20, 2013

An act to add Section 50406.7 to the Health and Safety Code, relating to housing.

LEGISLATIVE COUNSEL'S DIGEST

AB 523, as introduced, Ammiano. Department of Housing and Community Development: loans.

Existing law authorizes the Department of Housing and Community Development to make advance payments to eligible borrowers and grantees under certain loan or grant programs for housing, if the department makes specified determinations.

This bill would additionally authorize the department to reduce the interest rate on any loan issued by the department to a rental housing development to as low as 0% if the development meets specified requirements.

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

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

- 1 SECTION 1. Section 50406.7 is added to the Health and Safety
- 2 Code, to read:
- 3 50406.7. Notwithstanding any other law, the department may
- 4 reduce the interest rate on any loan issued by the department to a

- 1 rental housing development to as low as 0 percent if the
- 2 development meets all of the following requirements:
- 3 (a) The development has no other debt with regularly scheduled
- 4 or amortizing debt service payments.
- 5 (b) The development will utilize low-income housing tax credits.
- 6 (c) The sponsor provides evidence acceptable to the department
- 7 that demonstrates that the loan issued by the department is not
- 8 eligible to be treated as debt for federal or state low-income
- 9 housing tax credit purposes without a reduction in the interest rate
- 10 of the loan.