

AMENDED IN ASSEMBLY MAY 24, 2013

CALIFORNIA LEGISLATURE—2013–14 REGULAR SESSION

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 amended, 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. *The bill would also authorize the department to change the current interest rate for any loan it originates on or after January 1, 2014, to the most recently published applicable federal rate, as specified, and to forgive an amount of accrued interest if the total amount of debt and accrued interest at the end of the loan term would be greater after making this change than it would have been under the original interest rate.*

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. (a) Notwithstanding any other law, the department
 4 ~~may~~ *is authorized to* reduce the interest rate on any loan issued
 5 by the department to a rental housing development to as low as 0
 6 percent if the development meets all of the following requirements:

7 (a)
 8 (1) The development has no other debt with regularly scheduled
 9 or amortizing debt service payments.

10 (b)
 11 (2) The development will utilize low-income housing tax credits.
 12 (c)

13 (3) The sponsor provides evidence acceptable to the department
 14 that demonstrates that the loan issued by the department is not
 15 eligible to be treated as debt for federal or state low-income
 16 housing tax credit purposes without a reduction in the interest rate
 17 of the loan.

18 (b) *The department is authorized to change the current interest*
 19 *rate for any loan it originates on or after January 1, 2014, to the*
 20 *applicable federal rate most recently published by the United States*
 21 *Internal Revenue Service. If the total amount of debt and accrued*
 22 *interest at the end of the loan term would be greater after making*
 23 *this change than it would have been under the original interest*
 24 *rate, the department may forgive an amount of accrued interest*
 25 *equal to the lesser of either the amount necessary to make the*
 26 *expected principal and accrued interest the same as it would have*
 27 *been using the original interest rate, or the total amount of interest*
 28 *accrued at the time of the sponsor's request.*

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