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SB-440 Regional Housing Finance Authorities. (2023-2024)

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Senate Bill No. 440

CHAPTER 767

An act to add Title 6.5 (commencing with Section 62500) to the Government Code, relating to local government.

[Approved by Governor September 27, 2024. Filed with Secretary of State September 27, 2024.]

LEGISLATIVE COUNSEL'S DIGEST

SB 440, Skinner. Regional Housing Finance Authorities.

Existing law provides for the establishment of various special districts that may support and finance housing development, including affordable housing special beneficiary districts that are authorized to promote affordable housing development with certain property tax revenues that a city or county would otherwise be entitled to receive.

Existing law, the San Francisco Bay Area Regional Housing Finance Act, establishes the Bay Area Housing Finance Authority to raise, administer, and allocate funding for affordable housing in the San Francisco Bay area, as defined, and provide technical assistance at a regional level for tenant protection, affordable housing preservation, and new affordable housing production. Existing law, the Los Angeles County Regional Housing Finance Act, similarly establishes the Los Angeles County Affordable Housing Solutions Agency to increase the supply of affordable housing in Los Angeles County, as specified.

This bill, the Regional Housing Finance Act, would authorize 2 or more local governments, as defined, to establish a regional housing finance authority to raise, administer, and allocate funding and provide technical assistance at a regional level for affordable housing development, including new construction and the preservation of existing housing to serve a range of incomes and housing types. The bill would define the term "affordable housing" for these purposes, among other terms. The bill would require an authority to be governed by a board composed of at least 3 directors who are elected officials representing the local governments that are members of the authority.

The bill would authorize an authority to, among other things, raise and allocate new revenue through specified funding mechanisms and allocate funds to the various cities, counties, and other public agencies and affordable housing projects within the jurisdiction of the authority, private affordable housing developers, and nonprofit corporations to finance affordable housing development projects and preserve and enhance existing affordable housing, as specified, in accordance with applicable constitutional requirements. In this regard, the bill would authorize an authority to impose various special taxes, including parcel taxes, certain business taxes, and a special tax on real property, within its jurisdiction and to issue general obligation bonds secured by the levy of ad valorem property taxes, in accordance with applicable constitutional requirements, and revenue bonds payable from the revenues of the authority, other than revenues generated from ad valorem property taxes. The bill would apply certain provisions to the taxation of homebuilders, as defined, including an exemption, as specified, if the homebuilder meets specified criteria. The bill would authorize an authority to establish, increase, or impose a commercial linkage fee, as defined, in an amount not to exceed the equivalent of \$10, and would require the underlying land use jurisdiction that has authority over the approval of a commercial development project, as defined, to collect that fee and remit the amount of that fee to the authority, as provided. The bill would require that revenue generated by the authority pursuant to these provisions be used for the

development of affordable ownership and rental housing programs that enable low- or moderate-income households to become or remain homeowners, affordable housing preservation, planning and technical assistance related to affordable housing, and infrastructure to support housing, and other purposes, subject to a regional expenditure plan adopted by the authority board. The bill would require authority revenues to be applied according to a specified priority.

The California Environmental Quality Act (CEQA) requires a lead agency, as defined, to prepare, or cause to be prepared, and certify the completion of an environmental impact report on a project that it proposes to carry out or approve that may have a significant effect on the environment or to adopt a negative declaration if it finds that the project will not have that effect.

This bill would exempt actions taken by an authority to raise, administer, or allocate funding for affordable housing preservation, new affordable housing production, or to provide technical assistance consistent with the authority's purpose from CEQA.

This bill would require an authority to prepare and submit an annual report to the Legislature that includes a description of projects funded, their status, and the households served by income level, as specified.

By adding to the duties of local officials with respect to elections procedures for revenue measures on behalf of a regional housing finance authority, this bill would impose a state-mandated local program.

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.

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 the statutory provisions noted above.

Vote: majority Appropriation: no Fiscal Committee: yes Local Program: yes

THE PEOPLE OF THE STATE OF CALIFORNIA DO ENACT AS FOLLOWS:

SECTION 1. Title 6.5 (commencing with Section 62500) is added to the Government Code, to read:

TITLE 6.5. Regional Housing Finance Authorities

PART 1. Authority Formation

CHAPTER 1. General Provisions

62500. This title shall be known, and may be cited, as the Regional Housing Finance Act.

62502. For purposes of this title:

(a) "Affordable housing" means housing that is subject to an affordability restriction or equity sharing agreement with a public entity that reserves units for persons and families of low or moderate income, as defined in Section 50093 of the Health and Safety Code.

(b) "Authority" means a regional housing finance authority established pursuant to Section 62505.

(c) "Board" means the governing board of a regional housing finance authority.

(d) "Local government" means a city, county, or special district, including a school district or community college district.

(e) "Underlying land use jurisdiction" means any of the authority's representative cities or counties.

62503. The Legislature finds and declares that providing a regional financing mechanism for affordable housing production and preservation throughout the state is a matter of statewide concern and is not a municipal affair as that term is used in Section 5 of Article XI of the California Constitution. Therefore, this title applies to all cities, including charter cities.

CHAPTER 2. Governing Structure

62505. (a) (1) Except as provided in Section 62505.1, two or more local governments may establish a regional housing authority pursuant to this title.

(2) The authority shall be governed by a board established pursuant to Section 62506.

(b) The authority shall be a separate legal entity from the local governments that establish the authority.

(c) The formation and jurisdictional boundaries of the authority are not subject to the Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000 (Division 3 (commencing with Section 56000) of Title 5).

(d) An authority's purpose is to raise, administer, and allocate funding and provide technical assistance at a regional level for affordable housing development, including new construction and the preservation of existing housing to serve a range of incomes and housing types, including rental and owner-occupied housing. It is the intent of the Legislature that an authority help the region accommodate and meet its existing and projected housing needs for extremely low, very low, low-, and moderate-income households, and further the objectives of subdivision (d) of Section 65584.

62505.1. An entity that is located within the jurisdiction of the Bay Area Housing Finance Authority established pursuant to Section 64510 or the Los Angeles County Affordable Housing Solutions Agency established pursuant to Section 64710 shall not participate in a regional housing authority established pursuant to this chapter.

62506. (a) An authority shall be governed by a board of directors consisting of a minimum of three directors. All directors shall be elected officials representing the cities, special districts, or counties that are members of the authority. The authority shall consist of members appointed by each of the cities, special districts, or counties that are a member of the authority in proportion to the population served by the member city, special district, or county.

(b) The board shall elect a chairperson and a vice chairperson from among its members at the first meeting held in each calendar year.

(c) (1) A member of the authority board may receive a per diem for each board meeting that the member attends. The authority board shall set the amount of that per diem for a member's attendance, but that amount shall not exceed one hundred dollars (\$100) per meeting. A member shall not receive a payment for more than two meetings in a calendar month.

(2) A member may waive a payment of per diem authorized by this subdivision.

(d) (1) A member of the board shall serve a term of two years.

(2) If a vacancy occurs on the board of directors, an individual shall fill the vacancy as specified by the representative cities, special districts, or counties. An appointment to fill a vacancy pursuant to this subparagraph shall be effective only for the remainder of the term of the office that became vacated.

(e) (1) Members of the board are subject to Article 2.4 (commencing with Section 53234) of Chapter 2 of Part 1 of Division 2 of Title 5.

(2) The authority shall be subject to the Ralph M. Brown Act (Chapter 9 (commencing with Section 54950) of Part 1 of Division 2 of Title 5), the California Public Records Act (Division 10 (commencing with Section 7920.000) of Title 1), and the Political Reform Act of 1974 (Title 9 (commencing with Section 81000)).

(f) An authority shall engage in public participation processes, which shall include the following:

(1) Outreach efforts to encourage the active participation of a broad range of stakeholder groups in the planning process, including, but not limited to, affordable housing and homelessness advocates, any public housing authority created pursuant to Article 1 (commencing with Section 34200) of Chapter 1 of Part 2 of Division 24 of the Health and Safety Code in the housing finance agency's jurisdiction, nonprofit developers, neighborhood and community groups, environmental advocates, equity organizations, home builder representatives, and business organizations.

(2) Holding at least one public meeting regarding any relevant plan or proposals being considered by the authority. The authority shall hold any such meeting at a time and a location convenient for members of the public. The authority shall place each plan or proposal under consideration on a meeting agenda of the authority board for discussion at least 30 days before the authority board takes action.

(3) A process for enabling members of the public to provide a single request to receive authority notices, information, and updates.

62507. (a) The authority board may make and enforce rules and regulations necessary for governing the authority, the preservation of order, and the transaction of business.

(b) In exercising the powers and duties conferred on the authority by this title, the authority board may act by resolution.

(c) A member of the authority board shall exercise independent judgment on behalf of the interests of the residents, the property owners, and the public in furthering the intent and purposes of this title.

62508. (a) The authority board shall hold its first meeting at a time and place within the jurisdiction of the local governments that established the authority.

(b) After the first meeting described in subdivision (a), the board shall hold meetings at times and places determined by the authority board, provided that meeting shall be held within the jurisdiction of the local governments that established the authority.

62509. Five years after the voters approve an initial ballot measure pursuant to Section 62521, the authority shall review the implementation of the measure. The review shall include the following:

(a) An analysis of the expenditures to date.

(b) The number of affordable housing units produced and preserved at different household income levels.

(c) An analysis of the tenant protection services provided.

62510. (a) (1) The board shall form an advisory committee with knowledge and experience in the areas of affordable housing finance, development, and management, including rental and owner-occupied affordable housing. The advisory committee shall assist in the development of funding guidelines and the overall implementation of this title.

(2) If there is an initial moving to work agency in the housing finance agency's jurisdiction, that agency shall have the right, but not the obligation, to be a representative on the advisory committee.

(b) (1) For an authority located in a county with a population that exceeds 200,000, the advisory committee shall be composed of nine representatives.

(2) For an authority located in a county with a population of 200,000 or less, the advisory committee shall be composed of five representatives.

(c) Consistent with the provisions of this title, the advisory committee shall provide consultation and make recommendations to the board. The advisory committee shall meet as necessary to fulfill their roles and responsibilities.

CHAPTER 3. Authority Powers

62520. In implementing this title, an authority may do all of the following:

(a) Place one measure per election on the ballot to raise revenue and allocate funds throughout the jurisdiction of the authority, as provided in Part 2 (commencing with Section 62540).

(b) Establish any of the following:

(1) An infrastructure finance district pursuant to Chapter 2.8 (commencing with Section 53395) of Part 1 of Division 2 of Title 5.

(2) An enhanced infrastructure financing district pursuant to Chapter 2.99 (commencing with Section 53398.50) of Part 1 of Division 2 of Title 5.

(3) An affordable housing authority pursuant to Division 5 (commencing with Section 62250) of Title 6.

(4) A climate resilience district pursuant to Division 6 (commencing with Section 62300) of Title 6.

(c) Apply for and receive grants or loans from public and private entities.

(d) Solicit and accept gifts, fees, grants, loans, and other allocations from public and private entities.

(e) Deposit or invest moneys of the authority in banks or financial institutions, as provided in Chapter 4 (commencing with Section 53600) of Part 1 of Division 2 of Title 5, including the investment of any money that is not required for the immediate necessities of the authority, as determined by the authority.

(f) Sue and be sued, except as otherwise provided by law, in all actions and proceedings, in all courts and tribunals of competent jurisdiction.

(g) Engage counsel and other professional services.

(h) Enter into and perform all necessary contracts.

(i) Enter into joint powers agreements pursuant to the Joint Exercise of Powers Act (Chapter 5 (commencing with Section 6500) of Division 7 of Title 1).

(j) Hire staff, define their qualifications and duties, and provide a schedule of compensation for the performance of their duties.

(k) Utilize staff employed by the cities, special districts, and counties that established the authority, as authorized by the representative cities, counties, or special districts.

(l) Allocate and deploy capital and generated fees or income in the form of grants, loans, equity, interest rate subsidies, and other financing tools to the cities, counties, other public agencies within the jurisdiction of the authority, private affordable housing developers, and nonprofit corporations organized pursuant to Section 501(c)(3) of the Internal Revenue Code to finance affordable home ownership and rental housing development, and preserve and enhance existing affordable housing pursuant to this title, in accordance with applicable constitutional requirements.

(m) Acquire, hold, and manage or cause to be managed existing buildings of five units or more that are not currently subject to a recorded deed restriction for the purpose of attaching long-term affordability restrictions on the housing units to protect against displacement.

(n) Land bank, assemble parcels, and lease, purchase, or otherwise acquire land for purpose of housing development or redevelopment and associated infrastructure. For any property acquired, the authority shall have the power to set the land use and development parameters for such property, including setting the request for proposal criteria and selection process for a development partner.

(o) Accept excess or surplus property from the state, for which the state shall convey its land use authority over such property.

(p) Accept public land and buildings from any governmental entity within its jurisdiction and accept responsibility for the land use authority and development of such property, including entering a joint development or participation agreement.

(q) Establish and modify the terms of potential capital investments deployed by the authority, including waiving or forgiving interest or principal payments.

(r) Collect data on housing production and monitor progress on meeting regional and state housing goals.

(s) Provide support and technical assistance to local governments in relation to producing and preserving affordable housing.

(t) Provide public information about the authority's housing programs and policies.

(u) Incur and issue bonds and other indebtedness, and otherwise incur liabilities or obligations in accordance with Article 3 (commencing with Section 62580) of Chapter 2 of Part 2, and issue mortgage revenue bonds pursuant to Part 5 (commencing with Section 52000) of Division 31 of the Health and Safety Code.

(v) (1) Create one or more California limited liability companies of which authority is the sole member and exercise any of the powers granted to the authority by this title through those limited liability companies.

(2) Any limited liability company created pursuant to paragraph (1) shall be subject to the California Public Records Act (Division 10 (commencing with Section 7920.000) of Title 1), the Ralph M. Brown Act (Chapter 9 (commencing with Section 54950) of Part 1 of Division 2 of Title 5), and the Political Reform Act of 1974 (Title 9 (commencing with Section 81000)).

(w) Any other implied powers necessary to carry out the intent and purposes of this title.

62521. (a) If the authority proposes a measure pursuant to Part 2 (commencing with Section 62540) that will generate revenues and that requires voter approval pursuant to the California Constitution, the board of supervisors of the county or counties in which the authority has determined to place the measure on the ballot shall call a special election on the measure. The special election shall be consolidated with the next regularly scheduled statewide election and the measure shall be submitted to the voters in the appropriate counties, consistent with the requirements of Articles XIII A, XIII C, and XIII, and Article XVI of the California Constitution, as applicable.

(b) (1) For the purpose of placement of a measure on the ballot, an authority is a district, as defined in Section 317 of the Elections Code. Except as otherwise provided in this section, a measure proposed by the authority that requires voter approval shall be submitted to the voters of the counties, as determined by the authority, in accordance with the provisions of the Elections Code applicable to districts, including the provisions of Chapter 4 (commencing with Section 9300) of Division 9 of the Elections Code.

(2) If an authority has no revenues upon establishment, the appropriations limit for the authority shall be originally established based on receipts from the initial measure that would generate revenues for the authority pursuant to subdivision (a), and that establishment of an appropriations limit shall not be deemed a change in an appropriations limit for purposes of Section 4 of Article XIII B of the California Constitution.

(c) The authority shall file with the board of supervisors of each county in which the measure shall appear on the ballot a resolution of the authority board requesting consolidation and setting forth the exact form of the ballot question, in accordance with Section 10403 of the Elections Code.

(d) Notwithstanding Section 9313 of the Elections Code, the legal counsel for the authority shall prepare an impartial analysis of the measure. The impartial analysis prepared by the legal counsel for the authority shall be subject to review and revision by the county counsel of the county that contains the largest population, as determined by the most recent federal decennial census, among those counties in which the measure will be submitted to the voters.

(e) (1) Each county included in the measure shall use the election materials provided by the authority, including the exact ballot question, impartial analysis, and full text of the ballot measure for inclusion in the voter information pamphlet. The summary of the ballot measure shall include, but not be limited to, all of the following:

- (A) A description of the purpose and goals of the measure.
- (B) A description of the categories of eligible expenditures to be funded.
- (C) An estimate of the number of affordable housing units to be built or preserved.
- (D) An estimate of minimum funding levels to be provided to different expenditure categories by county.
- (E) An overview of decisionmaking and oversight provisions applicable to the funds.

(2) If two or more counties included in the measure are required to prepare a translation of ballot materials into the same language other than English, the county that contains the largest population, as determined by the most recent federal decennial census, among those counties that are required to prepare a translation of ballot materials into the same language other than English shall prepare the translation, or authorize the authority to prepare the translation, and that translation shall be used by the other county or counties, as applicable.

(f) Notwithstanding Section 13116 of the Elections Code, the elections officials of the counties where the measure proposed by the authority is placed on the ballot shall mutually agree to use the same letter designation for the measure.

(g) The county clerk of each county shall report the results of the special election to the authority. If two-thirds of all voters voting on the question at the special election vote affirmatively, or a different approval threshold required by the California Constitution at the time the election is achieved, the measure shall take effect in the counties in which the measure appeared on the ballot within the timeframe specified in the measure.

(h) (1) Notwithstanding Section 10520 of the Elections Code, for any election at which the authority proposes a measure pursuant to subdivision (a) of Section 62520 that would generate revenues, the authority shall reimburse each county in which that measure appears on the ballot only for the incremental costs incurred by the county elections official related to submitting the measure to the voters with proceeds from the measure, or if the measure fails, with any eligible funds transferred to the authority from the member cities, counties, and special districts of the authority or other public or private entity.

(2) For purposes of this subdivision, "incremental costs" include all of the following:

- (A) The cost to prepare, review, and revise the impartial analysis of the measure that is required by subdivision (d).
- (B) The cost to prepare a translation of ballot materials into a language other than English by any county, as described in subdivision (e).
- (C) The additional costs that exceed the costs incurred for other election races or ballot measures, if any, appearing on the same ballot in each county in which the measure appears on the ballot, including both of the following:
 - (i) The printing and mailing of ballot materials.
 - (ii) The canvass of the vote regarding the measure pursuant to Division 15 (commencing with Section 15000) of the Elections Code.

62522. An authority shall only have the power to exercise the land use authority and set development parameters as provided in Section 62520 if the authority includes the underlying land use jurisdiction. If an authority includes territory of multiple land use jurisdictions, each land use jurisdiction shall be a member of the authority before the authority can exercise these powers. Nothing in this title shall be construed to authorize an authority to exercise these powers beyond the specific circumstances described in Section 62520.

62523. An authority shall not acquire property by eminent domain.

62524. Actions taken by an authority to raise, administer, or allocate funding for affordable housing preservation, new affordable housing production, or to provide technical assistance consistent with the authority's purpose shall be exempt from the California

CHAPTER 4. Financial Provisions

62530. The authority board shall provide for regular audits of the authority's accounts and records and shall maintain accounting records and shall report accounting transactions in accordance with generally accepted accounting principles adopted by the Governmental Accounting Standards Board of the Financial Accounting Foundation for both public reporting purposes and for reporting of activities to the Controller.

62531. The authority board shall provide for annual financial reports. The authority board shall make copies of the annual financial reports available to the public.

PART 2. Authority Financing Activities

CHAPTER 1. General Provisions

62540. (a) An authority may raise and allocate new revenue through both of the following funding mechanisms:

(1) Special taxes, subject to voter approval, as provided in Article 1 (commencing with Section 62550) of Chapter 2, as follows:

(A) A parcel tax, as provided in Section 62550.

(B) A gross receipts business license tax, as provided in Section 62551.

(C) A special business tax, as provided in Section 62551.1.

(D) A special parcel tax, as provided in Section 62551.2.

(2) A commercial linkage fee, as provided in Article 2 (commencing with Section 62570) of Chapter 2.

(b) Any funding mechanism or combination of funding mechanisms authorized pursuant to subdivision (a) that requires voter approval pursuant to the California Constitution or this part may be placed on the ballot in all or a subset of the counties within the jurisdiction of the authority. A measure placed on the ballot in a subset of the authority counties shall apply only in those counties in which the measure was submitted to the voters.

(c) Any funding mechanism or combination of funding mechanisms imposed pursuant to subdivision (a) shall include an expiration date.

(d) A parcel of real property shall not be subject to more than one parcel tax or special parcel tax imposed by an authority pursuant to subdivision (a) in a taxable year.

(e) It is the intent of the Legislature that the funding measures authorized by this section distribute the responsibility for addressing the affordable housing needs of the region across commercial developers, businesses above a certain size, taxpayers, and across all property owners within the region.

(f) Notwithstanding any other law, both of the following shall apply:

(1) A homebuilder shall not be subject to a funding mechanism described in paragraph (1) of subdivision (a) at a tax rate that is greater than the lowest effective tax rate imposed by the funding mechanism on any other type of business.

(2) A homebuilder shall be entitled to an exemption from a funding mechanism described in paragraph (1) of subdivision (a) if it meets the criteria for the exemption applicable to members of another type of business such as business size or number of employees.

(g) (1) (A) Except as provided in subparagraph (B), a homebuilder shall be exempt from a funding mechanism described in paragraph (1) of subdivision (a) with respect to any business activity, revenue, or property that is related to, used in, or derived from a residential or mixed-use project that was subject to an inclusionary housing policy.

(B) If a homebuilder maintains ownership of rental property that qualifies for the exemption pursuant to subparagraph (A), then five years after the date of the final inspection, or the date the certificate of occupancy was issued for the property, whichever is later, the homebuilder shall no longer be entitled to the exemption pursuant to subparagraph (A) with respect to that property.

(2) Property owned or occupied by a person or entity other than a homebuilder that is part of a residential or mixed-use project that was subject to an inclusionary housing policy shall be exempt from any funding mechanism described in subparagraph (A) or (D) of paragraph (1) of subdivision (a) until five years after the date of the final inspection, or the date the certificate of occupancy was issued for the property, whichever is later.

(h) "Homebuilder" means any entity or individual, including, but not limited to, a builder, developer, general contractor, or contractor that is principally in the business of developing land or building residential units. Homebuilder shall include, but is not limited to, a parent or subsidiary entity, member, partner, joint venture partner, or similarly affiliated person or entity.

(i) "Inclusionary housing policy" means a requirement, as a condition of development of residential units, that the development include a certain percentage of residential units affordable to, and occupied by, households with specified income limits. "Inclusionary housing policy" includes any alternative means of compliance that is provided for, including, but not limited to, in-lieu fees, land dedication, offsite construction, or acquisition and rehabilitation of existing units. "Inclusionary housing policy" includes an affordable housing impact fee.

CHAPTER 2. Revenue

Article 1. Special Taxes

62550. (a) Subject to Section 4 of Article XIII A of the California Constitution, the authority may impose, by resolution, a parcel tax within the jurisdiction of the authority pursuant to the procedures established in Article 3.5 (commencing with Section 50075) of Chapter 1 of Part 1 of Division 1 of Title 5, Section 62521, and any other applicable procedures provided by law.

(b) For purposes of this section, "parcel tax" means a special tax imposed upon a parcel of real property at a rate that is determined without regard to that property's value and that applies uniformly to all taxpayers or all real property within the jurisdiction of the local government. "Parcel tax" does not include a tax imposed on a particular class of property or taxpayers.

(c) The authority shall provide notice of any parcel tax imposed pursuant to this section in the manner specified in Section 54930.

(d) The parcel tax shall be collected in the same manner as ordinary ad valorem property taxes are collected and shall be subject to the same penalties and the same procedure, sale, and lien priority in case of delinquency as is provided for ad valorem taxes.

62551. (a) Subject to Section 4 of Article XIII A of the California Constitution, an authority may impose, by resolution, a special tax, measured by gross receipts, for the privilege of engaging in any kind of lawful business transacted in the jurisdiction of the authority pursuant to the procedures established in Article 3.5 (commencing with Section 50075) of Chapter 1 of Part 1 of Division 1 of Title 5, Section 62521, and any other applicable procedures provided by law.

(b) The resolution imposing a special tax pursuant to this section may provide for the following:

- (1) Variable rates based on the business sector of each person subject to the tax.
- (2) Exemptions for small businesses.
- (3) Collection of the tax by suit or otherwise.

(c) If an authority levies a special tax pursuant to subdivision (a) upon a business operating both within and outside the authority's taxing jurisdiction, the authority shall levy the tax so that the measure of tax fairly reflects that proportion of the taxed activity actually carried on within the taxing jurisdiction.

(d) A special tax levied pursuant to subdivision (a) shall not apply to any nonprofit organization that is exempted from taxes by Chapter 4 (commencing with Section 23701) of Part 11 of Division 2 of the Revenue and Taxation Code or Subchapter F (commencing with Section 501) of Chapter 1 of Subtitle A of the Internal Revenue Code of 1986, or the successor of either, or to any minister, clergyperson, Christian Science practitioner, rabbi, or leader of any religious organization that has been granted an exemption from federal income tax by the United States Commissioner of Internal Revenue as an organization described in Section 501(c)(3) of the Internal Revenue Code or a successor to that section.

62551.1. (a) (1) Subject to Section 4 of Article XIII A of the California Constitution, an authority may impose, by resolution, a special tax measured by the number of employees employed by the taxpayer for the privilege of engaging in any kind of lawful business activity transacted in the jurisdiction of the authority pursuant to the procedures established in Article 3.5 (commencing with Section 50075) of Chapter 1 of Part 1 of Division 1 of Title 5, Section 62521, and any other applicable procedures provided by law.

(2) The resolution imposing a special tax pursuant to this subdivision may provide for collection of the tax by suit or otherwise.

(b) If an authority levies a special tax pursuant to subdivision (a) upon a business operating both within and outside the authority's taxing jurisdiction, the authority shall levy the tax so that the measure of tax fairly reflects that proportion of the taxed activity actually carried on within the taxing jurisdiction.

(c) A special tax levied pursuant to subdivision (a) shall not apply to any nonprofit organization that is exempted from taxes by Chapter 4 (commencing with Section 23701) of Part 11 of Division 2 of the Revenue and Taxation Code or Subchapter F (commencing with Section 501) of Chapter 1 of Subtitle A of the Internal Revenue Code of 1986, or the successor of either, or to

any minister, clergyperson, Christian Science practitioner, rabbi, or leader of any religious organization that has been granted an exemption from federal income tax by the United States Commissioner of Internal Revenue as an organization described in Section 501(c)(3) of the Internal Revenue Code or a successor to that section.

62551.2. (a) Subject to Section 4 of Article XIII A of the California Constitution, an authority may impose, by resolution, a special parcel tax on a property owner, and related affiliates, that own a rental housing portfolio that exceeds 500 units.

(b) The special tax may have graduated tax rates with incrementally higher rates applying for larger portfolios.

(c) The special tax shall be assessed annually and include exemptions for nonprofit entities and affordable housing operators.

62552. The special taxes authorized in this article may also be imposed by qualified voter initiative.

62553. (a) An authority shall consult with relevant local governments to identify the most efficient and appropriate method of administering and collecting any tax levied pursuant to Section 62551, 62551.1, or 62551.2.

(b) The entity charged with administering and collecting any tax levied pursuant to Section 62551, 62551.1, or 62551.2 shall create policies and procedures necessary to collect tax revenue, including, but not limited to, policies that achieve both of the following:

(1) Ensure adequate enforcement of the taxes.

(2) Provide subjects of a tax with an opportunity to appeal the amount of tax owed.

62554. All special taxes levied pursuant to this article shall be administered in the following manner:

(a) Taxes collected shall be deposited in a separate fund, which shall be established in the treasury of the entity charged with administering and collecting the special taxes pursuant to Section 62553 and used only as prescribed by this section.

(b) The entity charged with administering and collecting the special taxes shall transfer moneys intended for regional projects pursuant to Section 62590 from the fund to the authority periodically as promptly as feasible. The transmittals shall be made at least twice in each calendar quarter.

(c) The administering entity may deduct incremental costs associated with administering any taxes approved pursuant to this article from the portion transferred to the authority pursuant to subdivision (b).

Article 2. Commercial Linkage Fee

62570. As used in this article:

(a) "Commercial development project" means any project involving the issuance of a permit by an underlying land use jurisdiction for construction, not including remodeling of an existing property, that is undertaken within the jurisdiction of the authority for the development of land for commercial use, but does not include any project involving solely a permit to operate.

(b) "Commercial linkage fee" means a monetary exaction, other than a tax or special assessment, established for a broad class of projects by legislation of general applicability that is charged to an applicant in connection with the approval of a commercial development project by an underlying land use jurisdiction for the purpose of addressing the need for additional housing development necessitated by that commercial development project, as determined pursuant to the nexus study undertaken pursuant to subdivision (b) of Section 62571.

62571. (a) (1) Subject to paragraph (4), the authority may establish, increase, or impose a commercial linkage fee, in an amount not to exceed ten dollars (\$10) per square foot, within the jurisdiction of the authority by enactment of a resolution, in accordance with the requirements of this article, that is in addition to any fee, as defined in Section 66000, that is levied by an underlying land use jurisdiction.

(2) The fee shall be adjusted on July 1 of each year, in accordance with the California Construction Cost Index. The annual adjustment may increase the fee to be greater than the ten-dollar (\$10) maximum imposed by paragraph (1).

(3) The authority board shall not establish a commercial linkage fee pursuant to paragraph (1) until after the voters approve a special tax described in paragraph (1) of subdivision (a) of Section 62540 or a general obligation bond pursuant to Article 3 (commencing with Section 62580).

(4) (A) The authority board may establish, increase, or impose a commercial linkage fee pursuant to this article by a resolution that provides for a fee assessed on commercial development projects within the jurisdiction of the authority.

(B) A resolution establishing or revising the fee shall provide that the amount of the fee required to be paid shall be reduced by the amount that the applicant is required to pay, if any, for a commercial linkage fee for affordable housing imposed by the relevant underlying land use jurisdiction.

(b) Before establishing, increasing, or imposing a commercial linkage fee, the authority board shall prepare a regional jobs and housing nexus study in order to support the necessity and amount of the fee. The study, or separate study conducted before the establishment of a commercial linkage fee, shall examine the factors listed in paragraph (5) of subdivision (d), may consider other potential consequences, and shall take into consideration the potential impact of the fee on the creation of high-paying jobs for people without four-year degrees.

(c) Expenditures of proceeds from a commercial linkage fee shall be limited to affordable housing production and preservation, as described in Section 62590, and the authority's related administrative costs.

(d) In any action to establish, increase, or impose a commercial linkage fee, the authority board shall do all of the following:

(1) Identify the purpose of the commercial linkage fee.

(2) Determine how there is a reasonable relationship between the fee's use and the type of commercial development project on which the fee is imposed, based on the regional nexus study prepared pursuant to subdivision (b).

(3) Determine how there is a reasonable relationship between the need for housing and the type of commercial development project on which the fee is imposed, based on the regional nexus study prepared pursuant to subdivision (b).

(4) Determine how there is a reasonable relationship between the amount of the fee and the cost of the housing necessitated by the commercial development project that is attributable to the development on which the fee is imposed, based on the regional nexus study prepared pursuant to subdivision (b).

(5) (A) Adopt findings that, based upon the authority board's analysis and the regional nexus study, the commercial linkage fee:

(i) Would concentrate jobs near transit.

(ii) Would not reduce commercial development and space for jobs, particularly in economically disadvantaged areas.

(iii) Would not exacerbate intraregional job-to-housing imbalances.

(iv) Would not disincentivize mixed-use development.

(B) The authority board shall provide analysis to support the findings and consider other potential consequences of the fee.

(6) Specify the estimated administrative costs of the authority in connection with the imposition of the fee to be included in the amount of the fee.

(e) The authority shall suspend the imposition of a commercial linkage fee after two consecutive quarters of negative gross domestic product growth within the jurisdiction of the authority. The fee may be reinstated after two consecutive quarters of positive gross domestic product growth within jurisdiction of the authority. The authority board may reinstate the fee by resolution that states the condition in the previous sentence is met but shall not be subject to subdivision (b), (c), or (d) of this section.

62572. (a) A commercial linkage fee established, increased, or imposed pursuant to this article shall not exceed the reasonable cost of providing the housing necessitated by the commercial development project for which the commercial linkage fee is imposed, as determined in the regional nexus study pursuant to subdivision (b) of Section 62571, and the authority's related administrative costs.

(b) It is the intent of the Legislature in adding this section to codify existing constitutional and decisional law with respect to the imposition of development fees and monetary exactions on developments by local agencies. This section is declaratory of existing law and shall not be construed or interpreted as creating new law or as modifying or changing existing law.

62573. (a) Before adopting a resolution establishing or imposing a new commercial linkage fee or approving an increase in an existing commercial linkage fee pursuant to this article, the authority board shall hold a public hearing, at which oral or written presentations can be made, as part of a regularly scheduled meeting. The authority board shall publish a notice of the time and place of the meeting, including a general explanation of the matter to be considered in accordance with Section 6062a.

(b) Any costs incurred by the authority board in conducting the hearing required pursuant to subdivision (a) may be recovered as part of the commercial linkage fee that is the subject of the hearing.

62574. (a) Except as otherwise provided in subdivision (c), if the authority board adopts a resolution or other legislative enactment establishing or imposing a new commercial linkage fee or approving an increase in an existing commercial linkage fee, each underlying land use jurisdiction shall, as a condition of approving a commercial development project for which it receives an application for a conditional use permit or other discretionary or ministerial approval, require an applicant to pay the amount of commercial linkage fee established, imposed, or increased by the authority board pursuant to this article. The underlying land use jurisdiction shall provide notice to the applicant that does all of the following:

(1) Notifies the applicant that the authority board has established, increased, or imposed a commercial linkage fee pursuant to this article.

(2) States the amount of commercial linkage fee established, increased, or imposed by the authority board.

(3) States that the applicant may protest the commercial linkage fee, as provided in Section 62575, and notifies the applicant that the 90-day period for that protest and the 180-day period for filing an action specified in subdivision (c) of Section 62575 has begun.

(b) Each underlying land use jurisdiction shall collect and, after deduction of any actual and necessary administrative costs incurred by the underlying land use jurisdiction, remit the amount of commercial linkage fee established, increased, or imposed pursuant to this article to the authority. An underlying land use jurisdiction shall remit the amounts required by this subdivision on or before the last day of the month next succeeding each calendar quarterly period.

(c) If any amount of commercial linkage fee established, increased, or imposed pursuant to this article is found to be invalid pursuant to Section 62575, each underlying land use jurisdiction shall immediately cease collection of the commercial linkage fee.

62575. (a) Any party may protest the imposition of a commercial linkage fee imposed on a commercial development project by the authority pursuant to this article as follows:

(1) The party shall pay the total amount of commercial linkage fee required by the resolution enacted pursuant to Section 62571, or provide satisfactory evidence of arrangements to pay the commercial linkage fee when due, in accordance with Section 62574.

(2) Serving a written notice on the authority board and the legislative body of the relevant underlying land use jurisdiction that contains all of the following information:

(A) A statement that the required payment is tendered or will be tendered when due under protest.

(B) A statement informing the authority board and legislative body of the underlying land use jurisdiction of the factual elements of the dispute and the legal theory forming the basis for the protest.

(b) Compliance by any party with subdivision (a) shall not be the basis for an underlying land use jurisdiction to withhold approval of any map, plan, permit, zone change, license, or other form of permission, or concurrence, whether discretionary, ministerial, or otherwise, incident to, or necessary for, the commercial development project. This section does not limit the ability of an underlying land use jurisdiction to ensure compliance with all applicable provisions of law in determining whether to approve or disapprove a commercial development project.

(c) (1) A protest filed pursuant to subdivision (a) shall be filed at the time of approval or conditional approval of the commercial development project or within 90 days after the date of the imposition of the commercial linkage fee to be imposed on a commercial development project.

(2) Any party who files a protest pursuant to subdivision (a) may file an action to attack, review, set aside, void, or annul the imposition of the commercial linkage fee imposed on a commercial development project within 60 days after the delivery of the notice required by subdivision (a) of Section 62574. Thereafter, notwithstanding any other law, all persons shall be barred from any action or proceeding or any defense of invalidity or unreasonableness of the imposition. Any proceeding brought pursuant to this subdivision shall take precedence over all matters of the calendar of the court except criminal, probate, eminent domain, forcible entry, and unlawful detainer proceedings.

(d) (1) If the court grants a judgment to a plaintiff invalidating, as enacted, all or a portion of a resolution establishing, increasing, or imposing a commercial linkage fee, the court shall direct the authority to refund the unlawful portion of the payment, plus interest at an annual rate equal to the average rate accrued by the Pooled Money Investment Account during the time elapsed since the payment occurred, or to return the unlawful portion of the exaction imposed.

(2) If an action is filed within 120 days of the date at which a resolution to establish or modify a commercial linkage fee to be imposed on a commercial development project takes effect, the portion of the payment or exaction invalidated shall also be returned to any other person who, under protest pursuant to this section and under that invalid portion of that same resolution

as enacted, tendered the payment or provided for or satisfied the exaction during the period from 90 days before the date of the filing of the action which invalidates the payment or exaction to the date of the entry of the judgment referenced in paragraph (1).

(e) The imposition of a commercial linkage fee occurs, for the purposes of this section, when it is imposed or levied on a specific commercial development project.

62576. (a) In any judicial action or proceeding to validate, attack, review, set aside, void, or annul any resolution providing for the establishment, increase, or imposition of a commercial linkage fee pursuant to this article in which there is an issue whether the fee is a special tax within the meaning of Section 50076, the authority shall have the burden of producing evidence to establish that the commercial linkage fee does not exceed the reasonable cost of providing the housing necessitated by the commercial development project for which the commercial linkage fee is imposed, as determined in the regional nexus study pursuant to subdivision (b) of Section 62571.

(b) A party may only initiate an action or proceeding pursuant to subdivision (a) if both of the following requirements are met:

(1) The commercial linkage fee was directly imposed on the party as a condition of project approval, as provided in Section 62574.

(2) At least 30 days before initiating the action or proceeding, the party requests that the authority provide a copy of the documents, including, but not limited to, the regional nexus study prepared pursuant to subdivision (b) of Section 62571, that establish that the commercial linkage fee does not exceed the reasonable cost of providing the housing necessitated by the commercial development project for which the commercial linkage fee is imposed. In accordance with subdivision (a) of Section 7922.530, the authority may charge a fee for copying the documents requested pursuant to this paragraph.

(c) For purposes of this section, costs shall be determined in accordance with fundamental fairness and consistency of method as to the allocation of costs, expenses, revenues, and other items included in the calculation.

62577. (a) Any person may request an audit in order to determine whether any fee or charge levied by the authority board exceeds the amount necessary to cover the reasonable cost of providing the housing necessitated by the commercial development project for which the commercial linkage fee is imposed, as determined in the regional nexus study pursuant to subdivision (b) of Section 62571, and the authority's related administrative costs. If a person makes that request, the authority may retain an independent auditor to conduct an audit to determine whether the commercial linkage fee is reasonable, but is not required to conduct the audit if an audit has been performed for the same fee within the previous 12 months.

(b) If an audit pursuant to this section determines that the amount of any commercial linkage fee or charge does not meet the requirements of this article, the authority board shall adjust the fee accordingly.

(c) The authority shall retain an independent auditor to conduct an audit only if the person who requests the audit deposits with the authority the amount of the authority's reasonable estimate of the cost of the independent audit. At the conclusion of the audit, the authority shall reimburse unused sums, if any, or the requesting person shall pay the authority the excess of the actual cost of the audit over the sum which was deposited.

(d) Any audit conducted by an independent auditor pursuant to this section shall conform to generally accepted auditing standards.

(e) This section shall not be construed as granting any additional authority to any local agency to levy any fee or charge which is not otherwise authorized by another provision of law, nor shall its provisions be construed as granting authority to any local agency to levy a new fee or charge when other provisions of law specifically prohibit the levy of a fee or charge.

62578. Any action by the authority board or interested person under this article shall be brought pursuant to Chapter 9 (commencing with Section 860) of Title 10 of Part 2 of the Code of Civil Procedure.

Article 3. Bonds

62580. The authority board may, by majority vote, initiate proceedings to issue general obligation bonds pursuant to this chapter by adopting a resolution stating its intent to issue the bonds.

62581. (a) The authority may incur or refund general obligation bonded indebtedness, secured by the levy of ad valorem property taxes, pursuant to Article XIII A of the California Constitution, and any amendment thereto, for any purpose authorized by state law or the California Constitution.

(b) For purposes of incurring general obligation bonded indebtedness pursuant to this subdivision, the authority shall comply with the requirements of Chapter 3 (commencing with Section 53400) of Part 1 of Division 2 of Title 5.

62582. (a) (1) For purposes of this section, "authority revenues" includes, without limitation, revenues generated by any of the following:

(A) Any special tax, fee, or charge imposed by the authority, other than ad valorem property taxes.

(B) Any loan repayments, investment income, or income derived from the ownership or operation of real property.

(2) (A) The authority may issue revenue bonds, payable from authority revenues, in accordance with the Revenue Bond Law of 1941 (Chapter 6 (commencing with Section 54300) of Part 1 of Division 2 of Title 5), for the purposes set forth in this title and in any resolution adopted by the authority, or measure adopted by voters, in connection with the generation of authority revenues or imposition of those special taxes, fees, or other charges.

(B) For purposes of issuing revenue bonds pursuant to this section, all or any portion of the authority revenues designated by the authority, the special taxes, fees, or other charges described in subparagraph (A) shall constitute an "enterprise" within the meaning of Section 54309.

(C) Any authority revenues designated pursuant to subparagraph (B) shall constitute "revenues" within the meaning of Section 54315.

(3) To exercise the powers described in this section, the authority shall ensure that any ballot measure summary prepared pursuant to subdivision (e) of Section 62521 related to voter approval of a special tax under this title notifies the voters that proceeds from the special tax may be used as payment for revenue bonds.

(4) For purposes of this section, the authority shall be deemed to be a local agency within the meaning of Section 54307. Article 3 (commencing with Section 54380) of Chapter 6 of Part 1 of Division 2 of Title 5 and the limitations on the rate of interest set forth in subdivision (b) of Section 54402 do not apply to the issuance and sale of bonds pursuant to this section. Instead, the authority shall authorize the issuance of bonds by resolution at any time, and from time to time, which shall specify all of the following:

(A) The purposes for which the bonds are to be issued.

(B) The maximum principal amount of the bonds.

(C) The maximum term for the bonds.

(D) (i) The maximum rate of interest to be payable upon the bonds, which shall not exceed the maximum rate permitted for bonds of the authority by Section 53531 or any other applicable provisions of law.

(ii) In the case of bonds bearing a variable interest rate, the variable rate shall not, on any day, exceed the maximum rate permitted for bonds of the authority by Section 53531 or any other applicable provisions of law. However, the variable interest rate may, on any day, exceed that maximum rate in subparagraph (A), if the interest paid on the bonds from their date of original issuance to that day does not exceed the total interest that would have been permitted if the bonds had borne interest at all times from the date of issuance to that day at the maximum rate permitted from time to time by Section 53531 or any other applicable provisions of law.

(E) The maximum original issue premium or discount on the sale of the bonds.

(F) The denomination or denominations of the revenue bonds, which shall not be less than five thousand dollars (\$5,000).

(b) The resolution may also contain any other matters authorized by this chapter or any other law.

(c) The revenue bonds may be sold at public or private sale or on a negotiated sale basis and at the prices, above or below par, as determined by the authority board.

(d) The revenue bonds, or each series thereof, shall be dated and numbered consecutively and shall be signed by the executive director of the authority, whose signature may be printed, lithographed, or mechanically reproduced. If any officer whose signature appears on the revenue bonds ceases to be that officer before the delivery of the bonds, the officer's signature is as effective as if the officer had remained in office.

(e) Any summary statement required to be published by the authority pursuant to Section 54522 shall be published annually, not more than nine months after the close of each fiscal year.

(f) This section provides a complete, additional, and alternative method for the issuance of revenue bonds by the authority. An issuance does not need to comply with the procedures specified elsewhere in this article or other laws, but shall instead be

issued in accordance with the procedures specified in this article.

(g) (1) To the extent permitted by law, authority revenues shall be applied according the following priority:

- (A) First, to operation and maintenance of any housing project, if so required by the relevant financing documents.
- (B) Second, to the payment of bonds with respect to which the revenues have been pledged.
- (C) Third, to the payment of obligations in connection with bonds.
- (D) Fourth, to the payment of administrative costs.
- (E) Fifth, to any other purpose permitted by law and authorized by this title.

(2) All moneys received by the authority shall be trust funds applied solely for purposes of this title.

62583. (a) The authority or any person executing the bonds issued pursuant to this title shall not be personally liable on the bonds by reason of their issuance.

(b) The bonds and other obligations of the authority are not a debt of any city, county, or special district, or any of its affiliated entities, or of the state or of any of its political subdivisions, other than the authority, and neither a city, county, special district, nor the state or any of its political subdivisions, other than the authority, shall be liable on the bonds, and the bonds or obligations shall be payable exclusively from funds or properties of the authority, as specified in the applicable bond or other security document. Bonds issued pursuant to this title shall contain a statement to this effect on their face.

(c) If the signature of any member of the authority or staff member of the authority appears on bonds issued pursuant to this title, and that individual ceases to be a member of the authority or staff member of the authority before delivery of the bonds, that member's signature shall be as effective as if the member had remained in office.

62584. (a) Every two years after the issuance of bonds pursuant to this section, the authority shall contract for an independent financial and performance audit. The audit shall be conducted according to guidelines established by the Controller. A copy of the completed audit shall be provided to the Controller, the Director of Finance, and the Joint Legislative Budget Committee.

(b) Upon the request of the Governor or the Legislature, the Bureau of State Audits may conduct a financial and performance audit of the authority. The results of any audit shall be provided to the authority board, the Controller, the Director of Finance, and the Joint Legislative Budget Committee.

62585. Bonds issued pursuant to this article are fully negotiable.

62586. Any action to determine the validity or adoption of any tax, fee, or other charge provided for in, or the validity of bonds issued pursuant to, this title, or any of the proceedings, contracts, agreements, or other arrangements or matters entered into, shall be commenced within 60 days from the date of the election or the adoption of the resolution approving such matters, as applicable, pursuant to Chapter 9 (commencing with Section 860) of Title 10 of Part 2 of the Code of Civil Procedure. After that date, the adoption of such tax, fee, or other charge, the issuance of the bonds, and all proceedings in relation thereto, shall be held valid and incontestable in every respect.

CHAPTER 3. Expenditures

62590. (a) Revenue generated pursuant to this part shall be used for any of the following purposes:

- (1) The development of affordable home ownership and rental housing, including programs that enable persons and families of low or moderate income to become or remain homeowners.
- (2) Affordable housing preservation.
- (3) Planning and technical assistance related to affordable housing.
- (4) For infrastructure to support housing.
- (5) Any other purpose authorized by this section.

(b) (1) The authority board shall, in consultation with the advisory committee, adopt a regional expenditure plan for the use of housing revenue by July 1 of each year, except the authority board shall select the deadline to adopt the first regional expenditure plan. The regional expenditure plan may cover multiple years, as determined by the authority board.

- (2) (A) The regional expenditure plan shall do both of the following:

(i) Set forth the share of revenue and estimated funding amount to be spent on each of the categories described in subdivision (a), indicate the household income levels to be served within each category of expenditures, and estimate the number of affordable housing units to be developed by income category.

(ii) Identify existing funding sources from federal, state, and local housing programs and assess how projects and programs to be funded by revenue generated pursuant to this part will complement these existing funding sources to meet the housing needs within the jurisdiction of the authority.

(B) Beginning in the second year, the authority shall include a report in the regional expenditure plan that provides its allocations and expenditures to date of projects and programs funded and the households served by income level.

(3) Before the distribution of funds each year, the authority shall be entitled to up to 5 percent of the funds of any measure approved pursuant to this part for general administration.

(c) In the event that demolition or rehabilitation of housing units is required, all of the following shall apply:

(1) If the housing units are occupied at the date of acquisition, the housing development shall provide at least the same number of units of equivalent number of bedrooms to be made available at affordable rent or affordable housing cost to, and occupied by, persons and families in the same or lower income category as those households in occupancy.

(2) If existing residents must be relocated due to demolition or rehabilitation needs, the developer must provide relocation benefits to the occupants of those housing rental units subject to Chapter 16 (commencing with Section 7260) of Division 7 of Title 1. This paragraph does not supersede any provision of a locally adopted ordinance that requires greater relocation assistance to displaced households.

(3) If existing residents must be relocated due to demolition or rehabilitation needs, the developer shall provide a right of first refusal for a comparable unit available in the new or rehabilitated housing development that is affordable to the household at an affordable rent, as defined in Section 50053 of the Health and Safety Code, an affordable housing cost, as defined in Section 50052.5 of the Health and Safety Code, or a rent that is consistent with the maximum rent levels stipulated by the public program providing financing for the development.

(d) The authority board may approve funds for a project or program directly to a city, a county, a public entity, or a private project sponsor.

62590.1. (a) Notwithstanding any other provision of this title, an authority board may make a finding that market rate rents or housing costs are unaffordable to households at 120 percent of the area median income in a particular geographic area of the district. An authority that makes this finding may utilize a higher income limitation for housing developed and preserved within that particular geographic area of the district, provided that the income limitation does not exceed 150 percent of the area median income.

(b) When making a finding pursuant to subdivision (a), an authority shall utilize data on the employment and economy, population, household, and income trends, comparable rents, and demand and absorption rate of the particular geographic area to demonstrate that the higher income limitation is necessary to advance the purposes of this title.

62591. The authority shall monitor expenditures in coordination with local jurisdictions. The authority board may adopt guidelines applicable to such funds as deemed necessary to ensure they are spent in a timely manner consistent with the goals of this chapter.

62592. To ensure oversight and accountability, an authority shall prepare and submit an annual report to the Legislature, in conformance with Sections 9795 and 53411, on allocations and expenditures under its control. The report shall include a description of projects funded and their status, and the households served by income level.

SEC. 2. If the Commission on State Mandates determines that this act contains costs mandated by the state, reimbursement to local agencies and school districts for those costs shall be made pursuant to Part 7 (commencing with Section 17500) of Division 4 of Title 2 of the Government Code.