DEPARTMENT OF HOUSING AND COMMUNITY DEVELOPMENT
DIVISION OF FINANCIAL ASSISTANCE
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ASSET MANAGEMENT & COMPLIANCE SECTION **MANAGEMENT MEMO**
AMC **Memorandum Number: 05-03**

TO: **AMC Sponsors/Borrowers** **DATE: August 1, 2005**

FROM: **Janet Marzoff, Section Chief**
Asset Management and Compliance Section

SUBJECT: **New Tenant Notification Requirements Effective July 1, 2005**

Senate Bill 1328 (Chapter 110, Statutes of 2004), effective July 1, 2005, amended State law preservation notification requirements. Prior to the anticipated date of termination of a subsidy contract, expiration of rental restrictions, or pre-payment of a loan on an assisted development, the owner of an assisted housing development is required to provide a notice of the proposed change to each affected tenant household residing in the development and a notice to the affected public entity.

Previously, notification requirements only applied to certain federal subsidy programs. Amendments to Government Code sections 65863.10, 65863.11, and 65863.13 extend notification requirements to housing developments assisted under state, local or private subsidy programs. The change to the law also requires the notices to contain additional specific information. Furthermore, the bill prohibits the sale or disposal of an assisted housing development within a specified 5-year period.

Rental housing developments assisted by programs administered by the Department of Housing and Community Development (Department) are subject to these new requirements, with very few exceptions. This management memo is being issued so that sponsors/borrowers for Department-assisted rental housing developments can obtain the necessary information and plan well in advance of any prepayment, termination or expiration that will remove rental restrictions on a project.

The Department's Housing Policy Development Division has a webpage devoted to this topic under "Preservation of Affordable Government Assisted Housing," at http://www.hcd.ca.gov/hpd/. If you have any questions regarding the new law, you may contact Mario Angel at (916) 445-3485 or the Division of Housing Policy Development at (916) 445-4728.