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## HEALTH AND SAFETY CODE - HSC

**DIVISION 24. COMMUNITY DEVELOPMENT AND HOUSING [33000 - 37964]** ( *Heading of Division 24 amended by Stats. 1975, Ch. 1137.* )

### **PART 8. PUBLIC HOUSING ELECTION IMPLEMENTATION LAW [37000 - 37002]** ( *Part 8 added by Stats. 1976, Ch. 1339.* )

**37000.** The Legislature finds and declares that Article XXXIV of the State Constitution was approved by the voters for the purpose of providing a mechanism for expressing community concern regarding the development, acquisition, or construction of federally subsidized conventional public housing projects. Such developments typically were different from and inconsistent with housing developments provided by the private sector. Such differences included architecture, design, and locational standards as well as the level of amenities provided. Such developments were occupied entirely by persons of low income, and usually were not subject to ad valorem property taxes.

The Legislature finds and declares that new forms of housing assistance can provide housing for persons of low income in a manner consistent with and supportive of optimum community improvement. Such forms of housing assistance may allow for mixed income occupancy in developments representative of and competitive with similar market rate developments provided by the private sector. Such mixed income developments are frequently comparable to market rate projects in terms of architecture, design, and locational standards as well as the level of amenities provided, and may be subject to ad valorem property taxes.

Recognizing that new forms of housing assistance provide new approaches for housing persons of low income, it is the intent of the Legislature in enacting Sections 37001, 37001. 3, and 37001.5 to clarify ambiguities relating to the scope of the applicability of Article XXXIV which now exist. Therefore, and pursuant to Section 2 of Article XXXIV, this part is enacted in order to facilitate the operation of Article XXXIV and is consistent with the provisions of that article.

The terms "state public body" and "persons of low income" as used in this part have the same meaning as in Article XXXIV.

(Amended by Stats. 1979, Ch. 692.)

**37001.** The term "low-rent housing project," as defined in Section 1 of Article XXXIV of the California Constitution, does not apply to any development composed of urban or rural dwellings, apartments, or other living accommodations that meets any one of the following criteria:

- (a) The development is privately owned housing, receiving no ad valorem property tax exemption, other than exemptions granted pursuant to subdivision (f) or (g) of Section 214 of the Revenue and Taxation Code, not fully reimbursed to all taxing entities; and not more than 49 percent of the dwellings, apartments, or other living accommodations of the development may be occupied by persons of low income.
- (b) The development is privately owned housing, is not exempt from ad valorem taxation by reason of any public ownership, and is not financed with direct long-term financing from a public body.
- (c) The development is intended for owner-occupancy, which may include a limited equity housing cooperative, as defined in Section 50076.5, or cooperative or condominium ownership, rather than for rental-occupancy.
- (d) The development consists of newly constructed, privately owned, one-to-four family dwellings not located on adjoining sites.
- (e) The development consists of existing dwelling units leased by the state public body from the private owner of these dwelling units.
- (f) The development consists of the rehabilitation, reconstruction, improvement or addition to, or replacement of, dwelling units of a previously existing low-rent housing project, or a project previously or currently occupied by lower income households, as defined in Section 50079.5.
- (g) The development consists of the acquisition, rehabilitation, reconstruction, improvement, or any combination thereof, of a rental housing development which, prior to the date of the transaction to acquire, rehabilitate, reconstruct, improve, or any combination thereof, was subject to a contract for federal or state public body assistance for the purpose of providing affordable housing for low-

income households and maintains, or enters into, a contract for federal or state public body assistance for the purpose of providing affordable housing for low-income households.

(h) The development consists of the acquisition, rehabilitation, reconstruction, alterations work, new construction, or any combination thereof, of lodging facilities or dwelling units using any of the following:

- (1) Moneys received from the Coronavirus Relief Fund established by the federal Coronavirus Aid, Relief, and Economic Security (CARES) Act (Public Law 116-136).
- (2) Moneys received from the Coronavirus State Fiscal Recovery Fund established by the federal American Rescue Plan Act of 2021 (ARPA) (Public Law 117-2).
- (3) Moneys appropriated and disbursed pursuant to Division 31 (commencing with Section 50000) of this code and Part 1 (commencing with Section 75200) of Division 44 of the Public Resources Code.
- (4) An allocation of federal or state low-income housing tax credits from the California Tax Credit Allocation Committee.
- (5) Moneys appropriated and disbursed pursuant to the Behavioral Health Infrastructure Bond Act of 2024 (Chapter 4 (commencing with Section 5965) of Part 7 of Division 5 of the Welfare and Institutions Code).

*(Amended by Stats. 2025, Ch. 22, Sec. 43. (AB 130) Effective June 30, 2025.)*

**37001.3.** The maximum income of “persons of low income,” as determined by the state public body, developing, constructing, or acquiring the property, for purposes of Section 1 of Article XXXIV of the State Constitution, shall not exceed the maximum income of lower income households, as defined in Section 50079.5.

*(Added by Stats. 1979, Ch. 692.)*

**37001.5.** The words “develop, construct, or acquire,” as used in Section 1 of Article XXXIV of the State Constitution, shall not be interpreted to apply to activities of a state public body when that body does any of the following:

- (a) Provides financing, secured by a deed of trust or other security instrument to a private owner of existing housing; or acquires a development, for which financing previously has been provided, as a temporary measure to protect its security and with an intention to change the ownership so that it will not continue to be the owner of a low-rent housing project.
- (b) Acquires or makes improvements to land which is anticipated to be sold, ground leased, or otherwise transferred to a private owner prior to its development as a low-rent housing project, provided (1) the land and improvements thereon are not subject to an exemption from property taxation by reason of public ownership for more than five years following acquisition or improvement by the state public body, or (2) such an exemption from property taxation persists beyond the five-year period and no alternative use is designated for the land or improvements, but any property tax revenues lost by affected taxing agencies on account of the exemption of land or improvements from property taxes by reason of public ownership of the property, or any interest in the property after the five-year period, are fully reimbursed by payments in lieu of taxes following the expiration of the five-year period.
- (c) Leases existing dwelling units from the private owner of such units, provided the lease or a subtenancy thereunder does not result in a decrease of property tax revenues with respect to the dwelling units leased.
- (d) Provides assistance to the private owner or occupant of existing housing which enables an occupant to live in decent, safe, and sanitary housing at a rent he or she can afford to pay.
- (e) Provides assistance to a low-rent housing project and monitors construction or rehabilitation of that project and compliance with conditions of that assistance to the extent of:
  - (1) Carrying out routine governmental functions.
  - (2) Performing conventional activities of a lender.
  - (3) Imposing constitutionally mandated or statutorily authorized conditions accepted by a grantee of assistance.
- (f) Provides assistance to a development prior to its becoming a low-rent housing project without intending or expecting that the development will become a low-rent housing project, as defined.
- (g) Provides financing for a low-rent housing project pursuant to Chapter 6.7 (commencing with Section 51325) of Part 3 of Division 31.
- (h) Provides financing for a low-rent housing project pursuant to Article 3.2 (commencing with Section 987.001) and Article 5y (commencing with Section 998.540) of Chapter 6 of Division 4 of the Military and Veterans Code. This subdivision shall apply to all low-rent housing projects that convert the project’s financing to permanent financing after January 1, 2017.

*(Amended by Stats. 2016, Ch. 344, Sec. 5. (SB 835) Effective September 13, 2016.)*

**37002.** If any provision of this part or the application thereof to any person or circumstances is held invalid, such invalidity shall not affect other provisions or applications of the part which can be given effect without the invalid provision or application, and to this end the provisions of this part are severable.

*(Added by Stats. 1976, Ch. 1339.)*