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HEALTH AND SAFETY CODE - HSC

DIVISION 31. HOUSING AND HOME FINANCE [50000 - 54913] (*Division 31 repealed and added by Stats. 1977, Ch. 610.*)

PART 13. TRANSIT-ORIENTED DEVELOPMENT IMPLEMENTATION PROGRAM [53560 - 53568] (*Part 13 added by Stats. 2006, Ch. 27, Sec. 3.*)

53560. (a) There is hereby established the Transit-Oriented Development Implementation Program, to be administered by the Department of Housing and Community Development, to provide local assistance to cities, counties, cities and counties, transit agencies, eligible tribal applicants as defined in subdivision (b) of Section 50651, and developers for the purpose of supporting the development of higher density vehicle miles traveled-efficient affordable housing or related infrastructure, including projects within close proximity to transit stations or projects that could increase public transit ridership.

(b) The department may adopt additional guidelines to administer this part. Guidelines adopted pursuant to this subdivision shall not be subject to the requirements of Chapter 3.5 (commencing with Section 11340) of Part 1 of Title 2 of the Government Code.

(c) The guidelines in subdivision (b) shall emphasize the importance of long-term affordability. Prioritization among affordable housing projects shall be based on all of the following:

(1) Affordability, with highest priority given to projects that include a greater percentage of units restricted to lower income households, as defined in Section 50079.5.

(2) Affordable housing projects that result in improved vehicle miles traveled efficiency with committed state or federal funding in need of gap funding to begin construction.

(3) Affordable housing projects that demonstrate project readiness, as determined by the department.

(d) The guidelines in subdivision (b) may evaluate how publicly owned land, including state and local surplus properties, can be prioritized or leveraged to support affordable housing or related infrastructure projects eligible for funding pursuant to this section, with the goal of maximizing public benefit and reducing overall development costs.

(Amended by Stats. 2025, Ch. 22, Sec. 54. (AB 130) Effective June 30, 2025.)

53561. (a) There is hereby created in the State Treasury the Transit-Oriented Development Implementation Fund.

(b) All interest, dividends, and pecuniary gains from investments or deposits of moneys in the fund shall accrue to the fund, notwithstanding Section 16305.7 of the Government Code. There shall be paid into the fund both of the following:

(1) Any moneys appropriated and made available by the Legislature for the purposes of the fund.

(2) Any other moneys that may be made available to the department for the purposes of this part from any other source.

(Amended by Stats. 2018, Ch. 37, Sec. 42. (AB 1817) Effective June 27, 2018.)

53562. (a) To the extent that funds are available, the department may make grants to cities, counties, cities and counties, eligible tribal applicants as defined in subdivision (b) of Section 50651, or transit agencies for the provision of infrastructure necessary for the development of higher density vehicle miles traveled-efficient affordable housing or related infrastructure project. Any award of program funds as a grant shall be made pursuant to (1) the priority order set forth in paragraph (1) of subdivision (c) of Section 21080.44 of the Public Resources Code and (2) considerations, including, but not limited to, the discretionary considerations set forth in paragraph (2) of subdivision (c) of Section 21080.44 of the Public Resources Code. Any award may be made either through a competitive or over-the-counter basis.

(b) To the extent that funds are available, the department may make repayable loans or forgivable loans for the development and construction of vehicle miles traveled-efficient affordable housing. Any award of repayable loans or forgivable loans shall be made pursuant to (1) the priority order set forth in paragraph (1) of subdivision (c) of Section 21080.44 of the Public Resources Code and (2) considerations, including, but not limited to, the discretionary considerations set forth in paragraph (2) of subdivision (c) of Section 21080.44 of the Public Resources Code.

(c) For vehicle miles traveled-efficient affordable housing projects, to be eligible for a grant pursuant to subdivision (a) or a repayable loan or forgivable loan pursuant to subdivision (b), the housing development project shall meet all of the following:

(1) At least 20 percent of the units in the proposed development shall be made available at an affordable rent or at an affordable housing cost to persons of very low or low income for at least 55 years. The project shall be subject to an affordability requirement under which not less than 20 percent of the total units shall be restricted to lower income households, as defined in Section 50079.5, for a period of not less than 55 years. If the project is subject to any other public funding, regulatory agreement, or financial assistance that imposes an affordability requirement that exceeds 20 percent of the total units, then the project shall comply with the requirements associated with that funding source.

(2) A housing development project may include a mixed-use development consisting of residential and nonresidential uses.

(3) Meet minimum density requirements, as established by the department.

(4) If applicable, demonstrate consistency with the applicable region's sustainable communities strategy adopted pursuant to Section 65080 of the Government Code or alternative planning strategy pursuant to Section 65080 of the Government Code.

(5) Meet any other threshold requirement established by the department.

(d) With respect to grants made pursuant to subdivision (a) or repayable loans or forgivable loans pursuant to subdivision (b) for the development of rental housing, the department may do any or a combination of the following:

(1) Make program funds available at the same time it makes funds, if any, available under the Multifamily Housing Program (Chapter 6.7 (commencing with Section 50675) of Part 2).

(2) Rate and rank applications in a manner consistent with the Multifamily Housing Program (Chapter 6.7 (commencing with Section 50675) of Part 2), except that the department may establish additional point categories for the purposes of rating and ranking applications that seek funding pursuant to this subdivision in addition to those used in the Multifamily Housing Program.

(3) Administer funds in a manner consistent with the Multifamily Housing Program (Chapter 6.7 (commencing with Section 50675) of Part 2). However, in furtherance of the purposes of the Transit-Oriented Development Implementation Program, the department may alternatively accept applications on an over-the-counter basis and confirm compliance with threshold requirements in order to make awards of Transit-Oriented Development Implementation Program funds.

(e) (1) With respect to loans for the development of owner-occupied housing, the department shall do all of the following:

(A) Make funds available at the same time it makes funds, if any, available under the CalHome Program (Chapter 6 (commencing with Section 50650) of Part 2).

(B) Rate and rank applications in a manner consistent with the CalHome Program (Chapter 6 (commencing with Section 50650) of Part 2), except that the department may establish additional point categories for the purposes of rating and ranking applications that seek funding pursuant to this subdivision in addition to those used in the CalHome Program.

(C) Administer funds in a manner consistent with the CalHome Program (Chapter 6 (commencing with Section 50650) of Part 2).

(2) Notwithstanding paragraph (1), for the purposes of the program established pursuant to Section 21080.44 of the Public Resources Code, the department shall ensure that administration of the CalHome Program (Chapter 6 (commencing with Section 50650) of Part 2) aligns with the affordability objectives, eligible uses, availability of grants or loans, and timing requirements of the Transit-Oriented Development Implementation Program.

(f) With respect to any moneys appropriated or allocated for the purposes of this part, the department shall determine the amounts, if any, to be made available for each of the purposes described in subdivisions (a) to (e), inclusive.

(g) Only applications meeting the applicable threshold requirements of subdivisions (a) to (e), inclusive, shall be eligible to receive funds pursuant to this part.

(h) As used in this part, "infrastructure" may include any or a combination of paragraphs (1) to (3), inclusive.

(1) Capital improvements required by a city, county, city and county, eligible tribal applicant as defined in subdivision (b) of Section 50651, transit agency, or special district as a condition for the development of the affordable housing, including but not limited to,

sewer or water system upgrades, streets, construction of drainage basins, utility access, connection or relocation, and noise mitigation.

(2) Capital improvements that clearly and substantially enhance public pedestrian or bicycle access from one or more specifically identified housing developments within the areas identified in paragraph (1) of subdivision (c) of Section 21080.44 of the Public Resources Code, including, but not limited to, pedestrian walkways, plazas, or mini-parks, signal lights, streetscape improvements, security enhancements, bicycle lanes, intelligent transportation, and information systems.

(3) Capital improvements for the construction, rehabilitation, as defined in Section 50096, including improvements and repairs made to a residential structure acquired for the purpose of preserving its affordability, acquisition, or other physical improvement that is an integral part or necessary to facilitate the development of the housing development.

(Amended by Stats. 2025, Ch. 22, Sec. 55. (AB 130) Effective June 30, 2025.)

53564. (a) The department may use up to 5 percent of the funds appropriated for the purposes of this part for its costs in administering the programs authorized by this part.

(b) The department may administer the programs pursuant to guidelines that shall not be subject to the requirements of Chapter 3.5 (commencing with Section 11340) of Division 3 of Title 2 of the Government Code.

(Added by Stats. 2006, Ch. 27, Sec. 3. Effective May 17, 2006.)

53565. (a) Notwithstanding any other law, funds appropriated for deposit into the Regional Planning, Housing, and Infill Incentive Account in the Housing and Emergency Shelter Trust Fund of 2006 by Item 2240-101-6069 of the Budget Act of 2007, as reappropriated by Item 2240-492 of the Budget Act of 2010; Item 2240-101-6069 of the Budget Act of 2008, as reappropriated by Section 129 of the Budget Act of 2009, as reappropriated by Item 2240-492 of the Budget Act of 2010; Item 2240-101-6069 of the Budget Act of 2009, as reappropriated by Item 2240-492 of the Budget Act of 2010; and subdivision (a) of Section 1 of Chapter 39 of the Statutes of 2008, as reappropriated by Item 2240-492 of the Budget Act of 2010; shall be made available for liquidation of encumbrances until June 30, 2017, subject to performance-based milestones to be established by the department.

(b) The department shall amend the guidelines with revised performance-based milestones to approve disbursement extensions.

(c) The department shall evaluate the revised performance-based milestones on a project by project basis to determine which projects should be granted time extensions within the timeframe specified.

(Added by Stats. 2013, Ch. 26, Sec. 2. (AB 92) Effective June 27, 2013.)

53566. (a) For any loans issued pursuant to this part, both of the following shall apply:

(1) Loan terms for rental housing shall be consistent with Section 50675.6 and any other requirements concerning loan terms in the Multifamily Housing Program (Chapter 6.7 (commencing with Section 50675) of Part 2).

(2) Loan terms for owner-occupied housing shall be consistent with requirements concerning loan terms in the CalHome Program (Chapter 6 (commencing with Section 50650) of Part 2).

(b) All moneys received by the department in repayment of loans made pursuant to this part, including interest and payments in advance in lieu of future interest, shall be deposited in the Housing Rehabilitation Loan Fund established by Section 50661, and, notwithstanding Section 13340 of the Government Code, are continuously appropriated to the department for the purposes of the Multifamily Housing Program (Chapter 6.7 (commencing with Section 50675) of Part 2), except as otherwise provided in this section.

(c) The department may designate an amount not to exceed 1.5 percent of funds appropriated for use pursuant to this section for the purposes of curing or averting a default on the terms of any loan or other obligation by the recipient of financial assistance, or bidding at any foreclosure sale where the default or foreclosure sale would jeopardize the department's security in the rental housing development assisted pursuant to this part. The funds so designated shall be known as the "default reserve."

(d) The department may use default reserve funds made available pursuant to this section to repair or maintain any rental housing development assisted pursuant to this part that was acquired to protect the department's security interest.

(e) The payment or advance of funds by the department pursuant to this section shall be exclusively within the department's discretion, and no person shall be deemed to have any entitlement to the payment or advance of those funds. The amount of any funds expended by the department for the purposes of curing or averting a default shall be added to the loan amount secured by the rental housing development and shall be payable to the department upon demand.

(f) All moneys set aside for the default reserve by the department pursuant to this section shall be deposited in the Transit-Oriented Development Implementation Fund established by Section 53561, and, notwithstanding Section 13340 of the Government Code, are continuously appropriated to the department for the purposes of the default reserve set forth above in this section.

(g) This section shall become operative on January 1, 2022.

(Repealed (in Sec. 15) and added by Stats. 2020, Ch. 192, Sec. 16. (AB 434) Effective January 1, 2021. Section operative January 1, 2022, by its own provisions.)

53567. (a) (1) In the City and County of Los Angeles, where the federal Department of Housing and Urban Development has granted an authority, as defined in Section 34203, a waiver effective August 17, 2024, to allow household income verifications to occur after a lease contract is signed for unhoused populations seeking entry into projects pursuant to or in connection with Section 5.110 of Title 24 of the Code of Federal Regulations, if an owner or a management agent leases a subsidized unit to an unhoused person and subsequently learns and verifies that the unhoused person does not meet applicable income requirements, then the department shall not take any negative actions against the owner or management agent if both of the following conditions are met:

(A) The owner or management agent has cured the noncompliance within 24 months of discovery of the violation.

(B) The local housing authority and continuum of care have developed and posted on their respective internet websites a plan describing how the local housing authority and continuum of care will coordinate with the owner or management agent to move tenants that do not meet applicable income requirements into affordable housing where the tenant is eligible for occupancy within 24 months of discovery of the violation. Income ineligible tenants shall retain their unhoused targeting eligibility.

(2) For purposes of this subdivision, "negative actions" include, but are not limited to, both of the following:

(A) Issuing negative points on a current or future application.

(B) Imposing a financial penalty.

(b) If an agreement between the owner or management agent and the authority or the department restricts a unit to a tenant earning no more than 30 percent of the area median income, the tenant shall be deemed to satisfy the income requirements of this program during the 24-month period described in paragraph (1) of subdivision (a) if all of the following conditions are met:

(1) The tenant experienced homelessness prior to moving into the unit. For purposes of this paragraph, "homelessness" has the same meaning as "homeless," as that term is defined in Section 578.3 of Title 24 of the Code of Federal Regulations.

(2) The tenant self-certified household income at no more than 30 percent of the area median income.

(3) A third-party verification shows that the tenant has household income of no more than 50 percent of the area median income, unless the tenant is otherwise eligible pursuant to federal income eligibility requirements.

(4) The tenant's income certification is fully verified in accordance with the program rules within 90 days of the date the tenant took possession of the unit.

(5) At least 50 percent of the assisted units restricted to 30 percent area median income are occupied by verified, income-eligible households.

(6) The issuing housing authority and continuum of care, in coordination with other public agencies, coordinate with an owner or a management agent and move a tenant found to have a household income of more than 50 percent of the area median income following third-party verification described in paragraph (3) within 24 months of discovery of the violation to an affordable housing unit for which the tenant is eligible without reliance upon the same waiver described in subdivision (a). Income ineligible tenants shall retain their unhoused targeting eligibility.

(c) (1) This section does not modify any other eligibility requirements attached to assistance provided by the Department of Housing and Community Development.

(2) Tenant self-certified date of birth shall be accepted so long as the agreement between the department and the owner does not impose age-based demographic targeting requirements.

(3) If the conditions described in subdivision (b) are met, absent any rent setting methodology from subsidy programs, a tenant whose adjusted income at move-in exceeded 30 percent area median income shall have an effective rent limit for their unit be redesignated to 50 percent of area median income or, if the tenant's verified income is higher than 50 percent of area median income, an effective rent limit for their unit be redesignated to an area median income level commensurate with the income level.

(4) Owner or management agents shall discontinue use of the waiver as described in subdivision (a) in the event that more than 50 percent of the assisted units restricted to 30 percent area median income are occupied by households with adjusted incomes at

move-in over 30 percent area median income.

(d) This section shall become inoperative on July 31, 2025, or the final expiration date of a waiver as described in subdivision (a), whichever is later, and, as of January 1 of the following year, is repealed.

(Added by Stats. 2024, Ch. 491, Sec. 6. (SB 1500) Effective January 1, 2025. Conditionally inoperative on or after July 31, 2025, as prescribed by its own provisions. Conditionally repealed by its own provisions.)

53568. (a) The Office of Land Use and Climate Innovation shall, subject to appropriation, and, with the agreement of the Regents of the University of California, contract with the University of California to conduct an evaluation of the mitigation measures used by projects participating in the TOD Implementation Program to reduce vehicle miles traveled. The evaluation shall summarize the different categories of mitigation measures utilized across regions, the types of projects implementing those measures, the estimated annual vehicle miles traveled reductions achieved, total costs to construct or implement the mitigation measures, project-level funding contributions, cost per vehicle miles traveled reduced, and per capita vehicle miles traveled reduction.

(b) The evaluation shall also assess how the mitigation measures used under the Transit-Oriented Development Implementation Program complement other vehicle miles traveled mitigation options and strategies.

(c) The Office of Land Use and Climate Innovation shall complete this evaluation and submit, in compliance with Section 9795 of the Government Code, a report to the Legislature on or before July 1, 2031.

(Added by Stats. 2025, Ch. 22, Sec. 56. (AB 130) Effective June 30, 2025.)