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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 HOUSING AND HOME FINANCE [50000 - 54913] (*Division 31 repealed and added by Stats. 1977, Ch. 610.)*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 2. DEPARTMENT OF HOUSING AND COMMUNITY DEVELOPMENT [50400 - 50899.7] (*Heading of Part 2 amended by Stats. 1981, Ch. 996.)*

CHAPTER 12. Community Development Block Grant Program Funds [50825 - 50834] (*Chapter 12 added by Stats. 1983, Ch. 963, Sec. 1.)*

50825. It is the intent of the Legislature in enacting this chapter to ensure that funds allocated to the state pursuant to the federal State Community Development Block Grant Program (42 U.S.C. Sec. 5306(d)), and administered by the department, be prioritized for the most effective activities in order to provide maximum benefit in meeting the housing and economic development needs of persons and families of low or moderate income. The Legislature intends that these funds be provided to eligible cities and counties that develop and preserve decent affordable housing and suitable living environments and expand economic development opportunities. It is the intent of the Legislature to reaffirm established state policy that each eligible city or county contribute to meeting the statewide housing goals, or contribute to meeting the state's urgent need to halt the flow of jobs out of California by working to retain and expand existing businesses and attract new businesses that provide jobs to low- and moderate-income persons and families, or do both, and that funds allocated pursuant to this chapter be distributed accordingly.

It is the intent of the Legislature that program funding be prioritized for the most effective activities in order to provide that taxpayer contributions are efficiently deployed to foster housing and economic development. All funded eligible activities shall be consistent with the state's consolidated plan and any annual update to the consolidated plan that is provided to the United States Department of Housing and Urban Development, which details how the State of California intends to use federal program funds.

(Amended by Stats. 2017, Ch. 96, Sec. 3. (SB 106) Effective July 21, 2017.)

50826. As used in this chapter:

(a) "Consolidated plan" means the five-year action plan that results from the process set by the United States Department of Housing and Urban Development (HUD) that assesses affordable housing and community development needs and market conditions, allows the prioritization of development needs, and makes data-driven, place-based investment decisions for federal funding provided by HUD.

(b) "Eligible city or county" means an area which is not a metropolitan city or part of an urban county, as defined by Section 5302(a) (4) and (6), respectively, of Title 42 of the United States Code.

(c) "NOFA" means notice of funding availability, a public announcement that an estimated amount of funding will be awarded by a department program according to specified criteria and schedules.

(d) "Persons and families of low or moderate income" means persons and families whose income does not exceed 80 percent of the area median income, adjusted for family size, as determined pursuant to regulations or subsequent guidelines adopted by the department.

(e) "Program" means the State Community Development Block Grant Program created pursuant to federal law (42 U.S.C. 5301, et seq.).

(Amended by Stats. 2017, Ch. 96, Sec. 4. (SB 106) Effective July 21, 2017.)

50826.1. (a) Notwithstanding any other law, the department may adopt guidelines to implement this chapter. Any guideline, rule, policy, or standard of general application employed by the department in implementing this chapter shall not be subject to the requirements of the Administrative Procedure Act (Chapter 3.5 (commencing with Section 11340) of Part 1 of Division 3 of Title 2 of the Government Code). The department shall convene a stakeholder process to inform the development of guidelines for the implementation of the program pursuant to this chapter no later than September 1, 2017. Until guidelines are adopted, the department shall administer the program pursuant to adopted regulations. Upon adoption of guidelines, previously adopted

regulations are repealed. The repeal of previously adopted regulations pursuant to this section shall not be subject to the requirements of the Administrative Procedure Act (Chapter 3.5 (commencing with Section 11340) of Part 1 of Division 3 of Title 2 of the Government Code).

(b) On or before June 30, 2018, and notwithstanding Section 10231.5 of the Government Code, as part of the guidelines adoption process, the department shall analyze and report on its award process, contract management processes and policies, and fiscal processes for the federal State Community Development Block Grant Program, identifying efficiencies that can be implemented to improve the processing of applications, contract management and fiscal processes, and communications with local agencies. The department shall identify requirements previously adopted by the state that are in excess of the minimum requirements applicable to eligible activities under the federal Community Development Block Grant Program that, if eliminated, facilitate greater subscription of program funds and reduce state administrative workload. The department shall provide the results of that report to the Department of Finance and budget committees of both houses of the Legislature. Any subsequent amendments to the guidelines shall be reported to the Department of Finance and the Joint Legislative Budget Committee.

(Added by Stats. 2017, Ch. 96, Sec. 5. (SB 106) Effective July 21, 2017.)

50827. (a) Thirty percent of the annual allocation of federal Small Cities Community Development Block Grant funds, less department administrative funds, shall be set aside for economic development projects and programs. All funds made available pursuant to the program shall, consistent with the requirements of subsection (c) of Section 5301 of Title 42 of the United States Code, be utilized to provide decent housing, a suitable living environment, and expanding economic opportunities, principally for persons and families of low or moderate income. Following the adoption of guidelines pursuant to Section 50826.1, with approval by the Department of Finance and notification to the Joint Legislative Budget Committee, or June 30, 2018, whichever is sooner, if there are insufficient qualified applications for economic development project and program set aside provided by this section, as determined by the department's review of all economic development applications received by the application deadline specified in the NOFA, these funds shall be available to make awards to other qualifying projects and programs submitted by the application deadline specified in the NOFA.

(b) On or before June 30, 2018, with the consultation of stakeholders, the department shall update Chapter 21 of its Grant Management Manual to facilitate the subscription of and reflect all federal requirements for economic development business assistance loans.

(c) It is the intent of the Legislature to remove impediments and streamline access for local agencies to the funds set aside by this section to assist with local economic development efforts. On or before January 1, 2018, the department shall do all of the following:

- (1) Provide electronic links on the department's Internet Web site to any applicable federal regulations or guidelines published by the United States Department of Housing and Urban Development applicable to eligible economic development activities.
- (2) Ensure that program staff are trained on the applicable federal law, regulations, or guidelines published by the United States Department of Housing and Urban Development applicable to eligible economic development activities.
- (3) Prepare a schedule for the release of a NOFA to expedite the allocation of all unencumbered available funds, as of May 22, 2017, allocated pursuant to the requirements of this section.

(Amended by Stats. 2017, Ch. 96, Sec. 6. (SB 106) Effective July 21, 2017.)

50828. Not less than 51 percent of the annual allocation of federal Small Cities Community Development Block Grant funds, less department administrative funds, shall be utilized by the department to make grants to eligible cities or counties for the purpose of providing or improving housing opportunities for persons and families of low or moderate income or for purposes directly related to the provision or improvement of housing opportunities for persons and families of low or moderate income, including, but not limited to, the construction of infrastructure. Following the adoption of guidelines pursuant to Section 50826.1, with approval by the Department of Finance and notification to the Joint Legislative Budget Committee, or June 30, 2018, whichever is sooner, if there are insufficient qualified applications for providing or improving housing opportunities for the set aside provided by this section as determined by the department's review of all applications for providing or improving housing opportunities received by the application deadline specified in the NOFA, these funds shall be available to make awards to other qualifying projects and programs submitted by the application deadline specified in the NOFA.

(Amended by Stats. 2017, Ch. 96, Sec. 7. (SB 106) Effective July 21, 2017.)

50829. As a condition of receiving funds pursuant to this chapter, an eligible city or county shall submit a housing element to the department in accordance with the requirements of Article 10.6 (commencing with Section 65580) of Chapter 3 of Division 1 of Title 7 of the Government Code. However, except as otherwise provided in Section 50830, no application for funds shall be denied because of the content of the housing element or because of the findings made by the department pursuant to Section 65585 of the Government Code.

(Added by Stats. 1983, Ch. 963, Sec. 1.)

50830. (a) Except as otherwise provided in subdivisions (b) and (c), no city or county shall be eligible to receive funds pursuant to this chapter if the city or county has adopted a general plan, ordinance, or other measure which directly limits, by number, either of the following:

- (1) The building permits that may be issued for residential construction.
- (2) The buildable lots which may be developed for residential purposes.

(b) Subdivision (a) shall not apply to either of the following:

- (1) An ordinance adopted by a city or county which does any of the following:

(A) Imposes a moratorium, to protect the public health and safety, on residential construction for a specified period of time, if, under the terms of the ordinance, the moratorium will cease when the public health and safety is no longer jeopardized by the construction.

(B) Creates agricultural preserves pursuant to Chapter 7 (commencing with Section 51200) of Part 2 of Division 1 of Title 5 of the Government Code.

(C) Was adopted pursuant to a specific requirement of a state or multistate board, agency, department, or commission.

- (2) A city or county which has a housing element that the department has found to be adequate pursuant to subdivision (c) of Section 65585 or which is deemed to be in compliance with the requirements of Article 10.6 (commencing with Section 65580) of Chapter 3 of Division 1 of Title 7 of the Government Code pursuant to Section 65586 of the Government Code at the time the city or county applies for funds under the program, unless a final order has been issued by a court in which the court determined that the housing element is not in compliance with Article 10.6 (commencing with Section 65580) of Chapter 3 of Division 1 of Title 7 of the Government Code.

(c) A city or county which has adopted a general plan, ordinance, or other measure subject to the restrictions of subdivision (a), which are not exempted by subdivision (b), may, notwithstanding subdivision (a), receive funds pursuant to this chapter if the use of the funds is restricted for housing for persons and families of low or moderate income. However, applications from cities or counties which have not adopted a general plan, ordinance, or other measure subject to the restrictions of subdivision (a) shall, to the extent that eligible applications for grants exceed the amount available for distribution pursuant to this chapter, have priority over applications from cities or counties which have adopted such a general plan, ordinance, or other measure which are not exempted by subdivision (b).

(Added by Stats. 1983, Ch. 963, Sec. 1.)

50831. One and one-fourth percent of the funds made available to the department under the program shall be utilized by the department to make grants to cities and counties who apply to the department for those funds on behalf of Indian tribes that do not fall within the meaning of Indian tribe, as defined by paragraph (17) of subsection (a) of Section 5302 of Title 42 of the United States Code. Those funds shall be utilized by those Indian tribes for the same purposes as those specified in Section 50828.

(Added by Stats. 1983, Ch. 963, Sec. 1.)

50832. For all program applications, the department shall develop project standards and rating factors which meet the minimum requirements of federal statutes for eligible projects and that meet National Objectives.

(Amended by Stats. 2017, Ch. 96, Sec. 8. (SB 106) Effective July 21, 2017.)

50832.1. (a) To the extent that the department determines that some local communities lack capacity to apply for and administer projects under this section and Section 50832, the department may utilize federal training dollars to provide training services to those communities. In providing training, the department may contract with training entities, provide the training directly, or make stipends available for that training.

(b) Utilizing only existing Community Development Block Grant administrative funds, the department shall make every effort to assist communities unable to demonstrate compliance with federal regulations to come into compliance.

(Amended by Stats. 2017, Ch. 96, Sec. 9. (SB 106) Effective July 21, 2017.)

50832.2. (a) (1) No later than 60 days after the department notifies an applicant that the department has approved the applicant's application for funds pursuant to this chapter, the department shall provide a grant agreement to the applicant. The 60 days' notice

requirement shall not apply if the federal government or the Legislature makes significant changes to the Community Development Block Grant Program.

(2) When the department enters into a grant agreement with an applicant, the department shall provide the applicant with a complete and final list of all of the activities the applicant must complete in order to receive a disbursement of funds pursuant to the agreement. The department may make appropriate and corresponding changes to the complete and final list of activities if the applicant makes changes to the original application or the federal government or the Legislature requires changes.

(b) No later than 30 days after the department receives a request for the disbursement of funds from a grantee, the department shall take either of the following actions:

(1) Notify the grantee that the department has approved disbursement of the funds.

(2) Provide the applicant with a complete and final list of all of the remaining activities the applicant must complete in order for the department to approve disbursement of the funds.

(Added by Stats. 2015, Ch. 397, Sec. 1. (AB 325) Effective January 1, 2016.)

50833. (a) The department shall determine and announce in the applicable NOFA the percentage of the total amount of the State Block Grant Program funds set aside for economic development that shall be allocated to make economic development planning and technical assistance grants to eligible small cities or counties for business attraction, retention, and expansion programs for the development of local economic development strategies, predevelopment grant feasibility studies, and downtown revitalization programs. Eligible small cities or counties may contract with public agencies or nonprofit economic development corporations and other eligible subgrantees or for-profit corporations or entities to provide these services. Each applicant shall be required to provide a cash match of up to 25 percent of the total amount requested. A technical assistance grant received under this set-aside is in addition to the city or county ceiling, under Section 50832, or its ability to apply under the economic development or general program set-asides. The department shall determine and announce in the applicable NOFA the maximum per year grant amount. Funds not applied for or allocated under this section may be used for other economic development purposes under Sections 50832 and 50832.1.

(b) The department shall determine and announce in the applicable NOFA the percentage of the total amount of the State Block Grant Program funds not used for economic development that shall be set aside to make technical assistance grants to eligible small cities or counties for purposes including, but not limited to: inventory of housing needing rehabilitation in the district, income surveys of area residents, and any general studies of housing needs in the district. Each applicant shall be required to provide a cash match of up to 25 percent of the total amount requested. A technical assistance grant received under this set-aside is in addition to the city or county ceiling or its ability to apply under the economic development or general program set-asides. Unexpended funds allocated under this section shall revert to the general program, but not to the economic development set-aside. The department shall determine and announce in the applicable NOFA the maximum grant amount per application.

(c) If, under federal law, the economic development planning and technical assistance grants and the general allocation planning and assistance grants are considered to be administrative expenditures, the department may reduce the percentages of the set-asides by up to the amount necessary to remain within the allowable limits for administrative expenditures.

(d) Two or more jurisdictions may pool their funds and make a joint application for the same project.

(e) General administrative activity planning studies shall not be counted against allocations under this section.

(f) The department may issue a NOFA under which the director may determine that any applicant with one or more current Community Development Block Grant agreements signed in 2012 or later, for which the expenditure deadline established in the grant agreement or agreements has not yet passed, is eligible to apply for and receive an award of, funds pursuant to this chapter, without regard to whether the applicant has expended at least 50 percent of Community Development Block Grant Funds awarded in 2012 or thereafter. For any applicant that is so determined, the director shall include in the application file a written confirmation of eligibility and any award of funds. An application made pursuant to the director's determination under this section may be evaluated solely on the basis of eligibility, need, benefit, or readiness, without regard to any specific rating criteria provided by Section 7078 of the California Code of Regulations or subsequent guidelines adopted pursuant to Section 50826.1. The awarding of funds to an applicant pursuant to the director's determination under this section does not exempt those funds from consideration under any expenditure requirement under law.

(Amended by Stats. 2017, Ch. 96, Sec. 10. (SB 106) Effective July 21, 2017.)

50833.1. (a) In the event that the department is allocated supplemental funds in excess of the state's annual program allocation pursuant to subdivision (d) of Section 5306 of Title 42 of the United States Code to meet an extraordinary need, including funds provided to serve as an economic stimulus to the economy of California, or in the event that federal funds are required to be set aside from the department's annual allocation pursuant to federal law or regulation, the department may distribute these supplemental or federally mandated set-aside funds pursuant to guidelines to be set forth in a special Notice of Funding Availability.

(b) The distribution of supplemental or federally mandated set-aside funds under this section shall not be subject to the requirements of Sections 50831, 50832, and 50833, and shall be made notwithstanding any special allocations specified in Subchapter 2 (commencing with Section 7050) of Chapter 7 of Division 1 of Title 25 of the California Code of Regulations or guidelines adopted pursuant to Section 50826.1.

(c) The guidelines for the distribution of supplemental allocations and federally mandated set-aside funds shall not be subject to any provision of Subchapter 2 (commencing with Section 7050) of Chapter 7 of Division 1 of Title 25 of the California Code of Regulations that the department determines to be in conflict with the purpose of, or impair the achievement of the goals of, the supplemental allocation or the federally mandated set-aside funds.

(d) The department may adopt emergency regulations to implement this section. The adoption of any emergency regulations to implement this section that are filed with the Office of Administrative Law within one year of the effective date of the federal act that allocates these supplemental funds shall be deemed to be an emergency and necessary for the immediate preservation of the public peace, health and safety, or general welfare.

(Amended by Stats. 2017, Ch. 96, Sec. 11. (SB 106) Effective July 21, 2017.)

50834. (a) The department shall ensure potential applicants have access to instructions that allow them to successfully qualify for the economic development set aside. The department shall ensure that it can respond to requests for grants as rapidly as possible. Once an economic development project award is approved by the director, a contract shall be executed and funds made available as soon as possible.

(b) Any program income received by a city or county grantee or its subrecipients, or any loan repayments made by a beneficiary to a grantee, shall be utilized by the city or county grantee for an activity currently eligible under federal law and regulations, provided that the department determines that the beneficiary or grantee has complied reasonably with the terms and conditions described in the contract between the grantee and the department.

(Amended by Stats. 2017, Ch. 96, Sec. 12. (SB 106) Effective July 21, 2017.)