



Home	Bill Information	California Law	Publications	Other Resources	My Subscriptions	My Favorites	
------	------------------	----------------	--------------	-----------------	------------------	--------------	--

Code: Section:

[Up^](#) [Add To My Favorites](#)

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 HOUSING AND HOME FINANCE [50000 - 54913] (*Division 31 repealed and added by Stats. 1977, Ch. 610.*)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 14. Housing Preservation and Information Service [50850 - 50853] (*Chapter 14 added by Stats. 1990, Ch. 1438, Sec. 2.*)

50850. The Legislature finds and declares that within the next 20 years nearly 117,000 units of low-income housing subsidized by the federal Department of Housing and Urban Development will be eligible for conversion to market rate housing. These subsidies include low-interest loan and mortgage insurance programs established pursuant to paragraph (3) of subdivision (d) of Section 221 and Section 236 of the National Housing Act of 1934 (12 U.S.C. Secs. 1715 and 1715z-1), as amended, rental subsidy programs established pursuant to Section 8 of the United States Housing Act of 1937 (42 U.S.C. Sec. 1437), as amended. In addition, the Farmer's Home Administration operates a low-interest loan program established pursuant to Section 515 of the National Housing Act of 1949 (42 U.S.C. Sec. 1485), as amended. Federal law allows owners to convert these units at certain intervals prior to the expiration of the contracts. Should the owners of the units be allowed to prepay the federally subsidized loans or fail to renew the Section rental subsidies, these units are in danger of becoming unaffordable to lower income tenants since the owners would no longer be obligated to charge below market rate rents to the tenants. Thus, it is anticipated that there will be an enormous loss of affordable decent, safe, and sanitary housing for lower income persons.

The Legislature further finds that it is of paramount importance that prior to an owner being allowed to convert a federally subsidized building, tenants and other interested persons and organizations have access to information concerning buildings eligible for conversion and access to information concerning tenants' rights and housing preservation alternatives when the conversion is imminent. The information and assistance can aid in the deterrence of conversion of the existing affordable housing stock. The Legislature finds that the provision of information, accessible to the citizenry of the state, would address this need.

(*Added by Stats. 1990, Ch. 1438, Sec. 2.*)

50851. The purpose of this chapter is to ensure all of the following:

- (a) That pertinent information concerning buildings eligible for conversion is available to tenants of subsidized rental units, community organizations, local government agencies, and other interested persons.
- (b) That information concerning the legal rights, responsibilities and options of owners and tenants when the conversion of a subsidized rental unit to a market rental rate is a likelihood, is provided to tenants of subsidized rental units, community organizations, local governmental agencies, and other interested persons.
- (c) That information concerning available technical assistance is provided to tenants of subsidized rental units and community-based nonprofits interested in purchasing the properties in the event that conversion is a likelihood.

(*Added by Stats. 1990, Ch. 1438, Sec. 2.*)

50852. As used in this chapter, the terms defined in this section shall have the following meanings:

(a) "Conversion" means any of the following:

- (1) The prepayment of a federally, state, or locally subsidized or insured mortgage prior to the expiration of the term of the mortgage, including mortgages of assisted housing developments as defined in paragraphs (2) and (4) of subdivision (a) of Section 65863.10 of the Government Code and mortgages made pursuant to Chapter 7 (commencing with Section 52075) of Part 5, Article 2 (commencing with Section 33760) of Chapter 8 of Part 1 of Division 24, Article 5 (commencing with Section 34350) of Chapter 1 of Part 2 of Division 24, and Part 3 (commencing with Section 50900).

(2) Not renewing a contract with HUD or FmHA, which provides rent subsidies, where the contract may be unilaterally renewed by an owner, and prior to expiration of the full term of the contract, including, but not limited to, contracts entered into pursuant to the programs listed in paragraphs (1) and (3) of subdivision (a) of Section 65863.10 of the Government Code.

(3) Purchase by an owner or its related entity of a building following foreclosure of HUD or the FmHA, where the building included subsidized rental units immediately prior to foreclosure or sale, where the building no longer includes subsidized rental units, and where the building was owned by the same owner immediately prior to foreclosure or sale in lieu of foreclosure. For purposes of this section, "related entity" means a spouse, parent, child, or other individual who is blood related to the owner, a partnership if the owner is either a general or limited partner of the partnership, a corporation if the owner serves on the board of directors of the corporation or if the owner is a holder of 1 percent, or more, of the stock of the corporation, and any other business entity for which the owner has primary authority for management of the business.

(b) "Converted unit" means a subsidized rental unit that was subject to conversion.

(c) "FmHA" means the Farmers Home Administration.

(d) "HUD" means the United States Department of Housing and Urban Development.

(e) "Owner" means the person, partnership, or corporation that is a party to a contract with a federal, state, or local governmental agency which provides a mortgage, mortgage assistance, or rent subsidy.

(f) "Section 8" means any rental subsidy program established pursuant to Section 8 of the United States Housing Act of 1937 (42 U.S.C. Sec. 1437), as amended.

(g) "Subsidized rental unit" means any unit with a rent that was subject to regulation by a federal, state, or local governmental agency prior to conversion.

(h) "Tenant" means a person entitled by written or oral agreement, subtenancy approved by the owner, or sufferance, to occupy a unit to the exclusion of others.

(Added by Stats. 1990, Ch. 1438, Sec. 2.)

50853. The department shall provide to tenants of subsidized rental units, community organizations, local governmental agencies, and other interested persons all of the following:

(a) To the extent that information on federally and state subsidized housing projects, eligible for conversion, is available from federal, state, or other agencies, a written inventory of information on those projects, upon demand to the public. For each project, the information shall include, but not be limited to, the project name and address, the project owner, the earliest date of eligibility for subsidy termination, the type of ownership, the number of units in the building to be affected by conversion, the federal financing program, the loan contract number, the amount and term, interest rate, endorsement date, type of Section 8 contract, Section 8 contract number, and any other information determined to be pertinent.

(b) Written information concerning the legal rights, responsibilities and options of owners and tenants when an owner intends to convert the building.

(c) Written information concerning available technical assistance, within the state, for tenants and community nonprofits interested in buying those properties from the owner.

(d) Written information relating to the conversion process of federally subsidized rental units and applicable federal, state, and local laws.

(e) Any other information or technical assistance determined by the department to further the purposes of this chapter.

(Added by Stats. 1990, Ch. 1438, Sec. 2.)