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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 HOUSING AND HOME FINANCE [50000 - 54913] (*Division 31 repealed and added by Stats. 1977, Ch. 610.)*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 15. Family Housing Demonstration Program [50880 - 50895] (*Chapter 15 added by Stats. 1988, Ch. 30, Sec. 5.)*

ARTICLE 4. Program Operations [50893 - 50895] (*Article 4 added by Stats. 1988, Ch. 30, Sec. 5.)*

50893. The department shall make, or undertake commitments to make, construction or rehabilitation loans, including land acquisition costs, and mortgage loans in accordance with subdivisions (a) and (c) for new construction, and subdivisions (b) and (c) for rehabilitation, to sponsors to finance the development of community housing developments and congregate housing developments. The development cost payments may be provided as loans to be repaid at 3 percent interest and payments of principal or interest, or both, may be deferred or made payable over a period of time. For these purposes, the department shall enter into regulatory agreements and other agreements, and security documents, with the sponsors receiving funds from the fund. Upon the recordation, the regulatory agreement and all other agreements or documents included or incorporated by reference within the regulatory agreement shall constitute enforceable restrictions upon the property for the term of the loan. The term of the loan and its schedule for repayment may be extended by the department for additional periods as long as the community housing development or congregate housing development is operated in a manner consistent with the regulatory agreement and the sponsor needs an extension in order to continue to operate the community housing development or congregate housing development in a manner consistent with this chapter. Each extension shall be for a period of not less than 10 years and the total term of the revised loan shall not exceed 55 years. However, the term of any loan, including any extension thereof, shall not exceed the useful life of the community or congregate housing development for which the loan is made.

(a) Loans to sponsors for new construction of community housing developments or congregate housing developments shall be for terms not less than 40 years. After 30 years from the time the loans are made, the sponsor shall begin to repay the loan in accordance with a payment plan, as determined by the department, that shall maintain the rents affordable to eligible households.

(b) Loans made to sponsors of community housing developments or congregate housing developments for acquisition and rehabilitation shall be for terms of not less than 30 years. Loans made to sponsors of community housing developments or congregate housing developments for rehabilitation shall only be for terms of not less than 20 years. The sponsor may elect to begin to repay the loan at any time in accordance with a payment plan, as approved by the department, that shall maintain the rents at levels affordable to eligible households.

(c) Notwithstanding any loan payment plan approved by the department, the department may permit the prepayment of a loan at any time, on the basis of net cashflow of a development, provided that the term of the regulatory agreement shall not be reduced due to any prepayment.

(Amended by Stats. 2011, Ch. 239, Sec. 13. (SB 562) Effective January 1, 2012.)

50893.3. (a) The cost of development of any common portions of the development shall be allocated to the fund in the same ratio as the ratio between assisted and nonassisted units in the community housing development.

(b) Not more than 50 percent of the cost of the child care center and related play area shall be paid for from the account, notwithstanding the ratio between assisted and nonassisted units. However, if the department finds that sufficient funding is not available to pay for the remainder of the cost, the department may pay for the balance needed from the account.

(c) The department shall develop an inflation index reflecting the annual anticipated changes in rental housing development operating costs from a base year. The inflation index shall be used by the sponsor to adjust the initial rent of each unit occupied by an eligible household to determine the annual rent. Any sponsor may appeal to the department for a greater adjustment in rents necessary to ensure the fiscal integrity of the rental housing development. If the department does not respond within 60 days, the

request shall be deemed approved. A 30-day written notice shall be given to each eligible household prior to an adjustment in the amount of rent.

(d) The department annually may approve a reduction in the number of assisted units to less than the number agreed upon, or less than 30 percent, only if the department determines that it is necessary to maintain the fiscal integrity of the development. If the number of units occupied by eligible households in the community housing development ever falls below the number agreed to by the department and sponsor, then the next units which become available for occupancy shall be made available on a priority basis to eligible households, as required, until the number of units so occupied equals at least the number specified in the agreement.

(Amended by Stats. 1990, Ch. 1311, Sec. 12. Effective September 25, 1990.)

50894. (a) Where loans will be used in conjunction with federal and other state housing assistance or tax credits, and a conflict exists between the other state and federal program requirements and this chapter, the requirements of this chapter may be waived only to the extent necessary to permit the federal or other state financial participation or eligibility for tax credits.

Where a conflict exists between any state or federal law or regulation regarding nondiscrimination and this chapter, the requirements of this chapter may be waived only to the extent necessary to bring this chapter in compliance with the law or regulation regarding nondiscrimination.

(Amended by Stats. 1991, Ch. 100, Sec. 10. Effective July 1, 1991.)

50895. No rule, policy, or standard of general application employed by the department in implementing this chapter shall be subject to the requirements of Chapter 3.5 (commencing with Section 11340) of Part 1 of Title 2 of the Government Code.

(Repealed (by Sec. 33) and added by Stats. 1999, Ch. 67, Sec. 34. Effective July 6, 1999. Operative July 6, 1999, pursuant to Sec. 45 of Ch. 67.)