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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 HOUSING AND HOME FINANCE [50000 - 54913] (*Division 31 repealed and added by Stats. 1977, Ch. 610.)*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 18. Downtown Rebound Program [50898 - 50898.2] (*Chapter 18 added by Stats. 2000, Ch. 83, Sec. 1.)*

50898. The Legislature finds and declares all of the following:

- (a) As California moves into the next century, revitalization of our downtown areas is of vital importance to every community in our state.
- (b) Downtown areas generally represent urban cores that are deficient in housing that is critical to revitalization.
- (c) Providing additional housing in downtown areas will allow workers to live closer to their place of employment and minimize the number of workers commuting from other areas.
- (d) Downtown areas frequently have many older, underutilized commercial buildings that are well suited for residential, live-work, and mixed residential and commercial use.
- (e) The development of projects that are in close proximity to transit corridors allows the workforce to use mass transit to commute to work and minimizes the use of private vehicles, easing traffic congestion and wear on our highways, and serves to improve air quality.

(*Added by Stats. 2000, Ch. 83, Sec. 1. Effective January 1, 2001.*)

50898.1. (a) With the exception of funds allocated for purposes of subdivision (b), funds appropriated for the purposes of this chapter shall be distributed by the department pursuant to Chapter 6.7 (commencing with Section 50675) of Part 2, and shall be used for downtown rebound projects to promote sustainable communities. These projects shall include residential infill projects, the adaptive reuse of vacant or underused commercial or industrial structures, and the development of higher density housing adjacent to existing or planned mass transit stations, as follows:

- (1) Development projects in which vacant sites, or sites that are scheduled to become vacant, and are located within an established developed area of a community, are used for multifamily rental housing in conjunction with higher densities and flexible development standards that demonstrably reduce infrastructure costs and environmental consequences.
- (2) Development projects rehabilitating existing commercial or industrial buildings that are at least 30 percent vacant that will result in at least 40 percent of the building floor area being used for residential dwelling units, live-work units, or both.
- (3) Rental housing developments located within one-quarter mile of an existing or planned major transit node that are developed at a density level that meets or exceeds density standards to be developed by the department. A major transit node is a site where two or more mass transit modes, or one transit mode with three or more mass transit lines, are accessible to the public. Priority shall be given to projects developed within walking distance of schools, major employment centers, or public amenities, including shopping, parks, and major entertainment venues.

(b) Funds allocated for purposes of this subdivision shall be used for planning grants to local governments for either of the following purposes:

- (1) Facilitating infill housing through developing site inventories, project specific feasibility studies, and strategic action plans to remove barriers and promote infill housing, mixed-use developments, and transit corridor development.
- (2) Facilitating updates of general plans and zoning ordinances to encourage adaptive reuse, higher density residential development, mixed-use development, and residential development located within walking distance of schools, shopping, transit

nodes, and major employment centers.

(3) Assisting owners of qualified buildings in obtaining seismic and structural feasibility studies specifically related to the purpose of adaptive reuse.

(Added by Stats. 2000, Ch. 83, Sec. 1. Effective January 1, 2001.)

50898.2. (a) Funds awarded pursuant to Item 2240-107-0001 of Section 2.00 of the Budget Act of 2000 for the purposes of the Downtown Rebound Program established pursuant to this chapter 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.

(b) The department may use up to 5 percent of the amounts appropriated for this program for administration.

(c) With respect to the appropriation in Item 2240-107-0001 of Section 2.00 of the Budget Act of 2000 for the Downtown Rebound Program established pursuant to this chapter, the following provisions shall apply:

(1) Seventy-six percent of that appropriation shall be used by the department for the purpose of making loans to project sponsors for the adaptive reuse of vacant or underused commercial or industrial structures into residential rental housing units for initial rental to households having an income not exceeding 150 percent of the area median income. Each project shall be located within an elementary school attendance boundary where 50 percent or more of the students are eligible for free meals under the federal school lunch program, as determined by the local school district at the time of application to the Downtown Rebound Program. Each project shall also be subject to the following restrictions:

(A) Loans for units not subject to subparagraph (D) shall be at 5 percent simple interest. Loans for units subject to subparagraph (D) shall be at 3 percent simple interest. All principal and interest shall be due and payable in 20 years.

(B) Assistance for units not subject to subparagraph (D) shall not exceed thirty-five thousand dollars (\$35,000) per unit. Assistance for units subject to subparagraph (D) shall not exceed fifty-five thousand dollars (\$55,000) per unit.

(C) The amount of the loan, in combination with all debt recorded in a senior position to the loan, shall not exceed 90 percent of the appraised after-rehabilitation value of the security for the loan.

(D) Twenty percent of the units in the project shall be reserved for households having an income equal to 50 percent or less of the area median income, or 40 percent of the units shall be reserved for households having an income equal to 60 percent or less of the area median income. The department shall ensure the continued affordability of all units designated by the sponsor to fulfill these requirements for a period of 20 years. However, notwithstanding subparagraph (A), if assistance is provided for these units through any program funded through Chapter 6.7 (commencing with Section 50675) of Part 2, the units shall be subject to the use restrictions, limitations, and provisions contained in that chapter. These units shall be reasonably distributed within each building contained in the project, with no less than 10 percent of the units in each building fulfilling the requirements of this subdivision.

(E) The sponsor shall agree to the payment of prevailing wage rates with respect to construction assisted through the program. In implementing this subparagraph, it is the intent of the Legislature that this requirement apply to construction work that is dependent on the commitment of program funds in order for construction to proceed. Notwithstanding any other provision of law, the department's enforcement responsibilities shall be limited to the imposition of this requirement through the lending documents. The department shall require, as a condition of loan closing, a signed certificate that prevailing wages have been, or will be, paid in conformance with the requirements of Chapter 1 (commencing with Section 1720) of Part 7 of the Labor Code and that labor records shall be made available to any enforcement agency upon request.

(2) Two million four hundred thousand dollars (\$2,400,000) of that appropriation shall be used by the department for planning grants as specified in subdivision (b) of Section 50898.1.

(3) The balance of that appropriation shall be available for uses authorized by subdivision (a) of Section 50898.1.

(Amended by Stats. 2001, Ch. 3, Sec. 1. Effective March 29, 2001.)